

SPECIAL REPORT: Chrétien on the Road

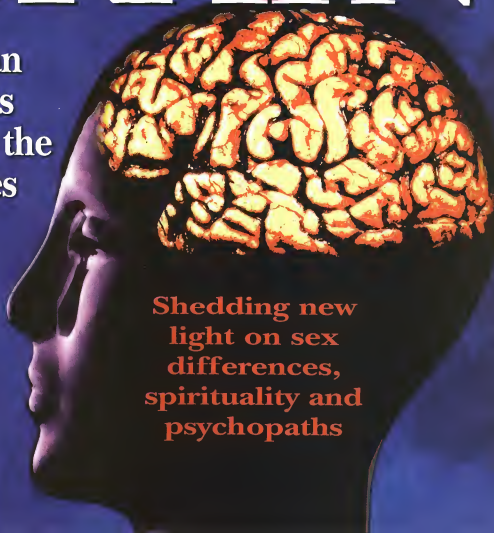
CANADA'S WEEKLY NEWSMAGAZINE

JANUARY 22, 1996

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A massive hostage-taking by Chechen rebels creates a political crisis for Russian President Boris Yeltsin. Japan gets a lively new prime minister promising strong leadership, remembering the Splendid Isolation. Enigmatic French president Francois Mitterrand.

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10 Prime Minister Jean Chrétien and his Team Canada launched their 12-day Asian trade mission in India. While business with the world's largest democracy was at the top of the agenda, federal Liberals also hoped the trip would create some badly needed good cheer between Chrétien and the provincial premiers.



24 In the Sarajevo suburb of Ilija, Bosnian Serbs are removing bodies from graveyards to take with them as they flee. They are afraid, they say, of what the Muslims might do once they control all of Sarajevo. Maclean's surveys a city's pain.



Acetabularia (single-celled green alga) – If exposed to red light, a single cell will divide → form male or female gametes

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OPENING NOTES

Something to sing about

The unstarred, the gathering of somewhat scruffy-looking musicians at The Railway Cafe, a private club in one of the seedier neighborhoods of downtown Vancouver might have attracted noticeable. But for the Canadian music industry it was definitely one highly-powered

concert-topping line that has been postulated by everyone from Diana Ross to Bob Street to Heart. Their first order of business that week was agreeing to hold 30 similar shows/seminars in 1996 to encourage emerging songwriters coast-to-coast. "It is really important to learn supporting new talent," said Stan Mesner (*Other of Pines*). "You might not achieve right away, but you get on new songwriters, things will get pretty solid musically, and by then it will be too late to fix it." That time the first-hour, three-set performance began. Murray McLaughlin, Edie Schwartz (*Wild Me*) and Year Best. Study, blues legend



Ken Tobson, Murray McLaughlin, Edie Schwartz perform

event. The 13 performers onstage, and seems more in the standing-room-only crowd, were members of the Songwriters Association of Canada attending their annual meeting. Among them, they have written hundreds of pop, rock, country and blues

short-topping hits that have been postulated by everyone from Diana Ross to Bob Street to Heart. Their first order of business that week was agreeing to hold 30 similar shows/seminars in 1996 to encourage emerging songwriters coast-to-coast. "It is really important to learn supporting new talent," said Stan Mesner (*Other of Pines*). "You might not achieve right away, but you get on new songwriters, things will get pretty solid musically, and by then it will be too late to fix it." That time the first-hour, three-set performance began. Murray McLaughlin, Edie Schwartz (*Wild Me*) and Year Best. Study, blues legend

Chad Linton (*Goodbye To Go*), former Glass. Their keyboard player Steve Reid (*Howl*)

Plagel Me When I'm Gone) and John Copek (*Blister Storm*), among others, regaled the audience with their songs. While—with a few exceptions—their lives might not be as easily remembered, the songs they sang were as familiar as old friends.

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Dealing with the aftermath

In the high-flying late-1990s, it seemed like whenever major commercial Canadian property that sold estate tycoon Robert Campeau did not own, the secretive Toronto-based Rockman family did. But with the crash of the commercial real estate market in the early 1990s, their fortunes changed drastically, and their once-wealthy corporate empire wound up in bankruptcy proceedings in Canada and abroad. Last week, the end came a step closer. In an estimate, Bankgroup Group Ltd., controlled by Hong Kong businessman Chen Drivens, entered into an agreement with Campeau Corp., the remnants of Campeau Corp., after it emerged from bankruptcy protection in February, 1998—for 67 per cent of the Canadian

company after a debt and stock restructuring. In the other, the Rockman's former Olympic & York Cos. USA reached a deal to split its assets between two creditors groups as part of its efforts to restructure about \$6.75 billion in debt. New York City financier Lewis Black got the go-ahead to buy the office towers and one US Los Angeles. But the Rock's share of C&Y USA will go to Canada Development Ltd., which is controlled by another prominent Canadian family, the Rockman. Toronto-based Edgar and Peter Greenman's expanded property portfolio will now include New York's World Financial Center and the headquarters of several financial services companies. Is this where angels fear to tread?

Campeau's estate

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Paul Rockman's business



Job seeking in January, still afloat

The GM lineup that led nowhere

For Dennis Joke, the painful bashing of frayed tires and wry fagons was a short-lived and rather quiet irritation. But he will surely sit in memory of the day he spent in what came to be known as the "General Motors lineup." Last January, the 32-year-old Oakville, Ont., resident was one of an estimated 20,000 people who stood for hours in biting cold weather outside a convention centre in the Toronto suburb of Pickering to fill out a job application for General Motors of Canada Ltd. The lineup, which attracted national and international media attention, seemed to symbolize the desperation of many jobless Canadians. One year later, GM has not offered a job to Joke—or to anyone else who filed out an application. Joke remains irritated that the company built such a mass recruiting drive when, in fact, it had no immediate openings. And he still wonders what the whole exercise was all about. "I wish I could take them to court," says Joke, who is still looking for his first full-time job after the years after graduating with a geography degree from Wilfrid Laurier University in Waterloo, Ont. "Still, GM spokesman Stewart Low insists that a few workers will be hired at some point. The company he says prepared a shortlist of about 1,000 applicants who were interviewed and assigned to develop a "contingent pool" of 500. "We have a small group of candidates we can call on as we need them," he adds. "I can't predict when that will be because it will depend on business conditions and attrition. But we will get to that but eventually." That explanation is hardly encouraging for a few, but could comfort the many still hoping for a good job.

The hunt for a better image

Once upon a time, sailing in Atlantic Canada was fairly straightforward. But more than a decade since annual rights protests and public opinion in Europe ended the harvest of whaling pods, the hunt for the abundant harp seal continues and sealers are becoming more cautious. A recent two-week course at the provincially funded Nova Scotia School of Fisheries in Pictou included typical hunting lessons, from tips on rifle safety to methods of handling carcasses. The second week, however, was devoted to "communications," including public speaking, understanding the history of sealing protests—and handling the media. Many fishermen sat on the front of the schoolhouse, sealing clothing while they held their pens for the lobster industry. But sealers today use high-powered rifles to kill harp seals for a wide range of uses, from the meat for human and animal consumption to the pelts for sale to the Asian herbal medicine market. "When we have fishermen out there without the proper information, it's very hard," says Deborah Burke, a director of the North of Seaside Fishermen's Association, who will teach others what he learned on the course at local community halls on the northern tip of Cape Breton Island. "We have to start somewhere." As well as training the sealers how to hold an audience's attention with a story from the ship's deck, the course also suggested more effective ways of dealing with activists than roughing them up, an unfortunate happenstance in the past. "A lot of it's common sense," says Burke. "If someone's bothering you, well, you come hanging and go to a different area." Still, Burke notes with a laugh, real protesters are not easily handled. "A big stick would help."



Seal hunting with a high-powered rifle: sealers

Enforcing the law—quietly and privately

With police forces under budgetary constraints, law enforcement is having to find more for themselves in the battle against fraud, embezzlement and false insurance claims—white-collar crimes that cost Canadian companies billions of dollars each year. Enter Toronto-based SPM Investigation and Security Inc., a new division of Canada's largest professional services firm, which bills itself as "the exclusive network to detect." For fees ranging from \$80 to \$400 an hour, SPM's 150 officers conduct a full range of police services, from forensic accounting to fraud investigation, computer security and so-called executive-protection counselling or preventing extortion, kidnapping or murder attempts, particularly while travelling in foreign countries. Beyond expertise, SPM's also



Insider: tech business

offer privacy—and recovery of assets free from the potential embarrassment of criminal trials. But the man at the head of the new division is very familiar to public life: Norman Iles, former co-chairman of the Royal Canadian Mounted Police and past president of Montreal. "What SPM's trying to do is position ourselves as the premier alternative in professional law enforcement," says Iles, 57, who spent 37 years in the RCMP before his retirement in June, 1994. However, by adding, has been a break with clients like banks and major companies since the division's launch last fall. Iles and Iles is clearly optimistic that his brand of policing for hire will catch on. "We're pioneering," he says. A new wave of law enforcement for the law, means SPM.

PASSAGES

HOSPITALIZED: Joe Glaz, 50, former premier of Prince Edward Island, died of a undisclosed illness, in Charlottetown. Last October, Glaz underwent surgery to remove a cancerous mass from his bowel, but hospital officials declined to comment either on the reason for his current hospitalization or on a 31st anniversary. As Prince Edward Island's Liberal premier from 1986 to 1992, Glaz was a key supporter of the Solid March cause and Charlottetown constitutional session. He was appointed a justice of the trial division of the province's Supreme Court in April, 1995.



AILING: Peter Gosselin, 61, the host of CBC Radio's *Morningdrive* from what a program spokesman described as a vascular condition. Gosselin relinquished his daily host duties for an extended one to eight-week leave, in order to recuperate from what he called "surgical repair on my old, aged body." Gosselin will be replaced by former *Arts Tonight* host Sheryl Rogers.

DIED: Laurence 194, goalkeeper and 1956-1960 member of the *Yager Crusader*, 23, in hospital, in Los Angeles, Calif., where the *Brackley*, Ont., native was undergoing treatment for prostate cancer.

CONVICTED: Robert Dewey, 58, the American man who threatened to slice pop superstar Madonna's throat "from ear to ear" if she did not marry him, of attacking, making threats and assaulting one of the singer's bodyguards, in Los Angeles. Hoskins kept up in 11 years in prison.

DENIED: By the US Supreme Court in Washington, boxer Mike Tyson's request to hear an appeal of his 1992 rape conviction. Before his victory last March, the 30-year-old former heavyweight champion, at the world served three years in prison for sexually assaulting beauty queen Desiree Washington in his Los Angeles hotel room.

DIED: Research engineer Marie Grignon, 80, whose invention of the non-stick frying pan revolutionized cooking in Thetford-sur-Loup, France.

BEST-SELLERS

- FICTION**
1. *The Horse Whisperer*, Robin Swicord (3)
 2. *The Christmas Promise*, Jane Elliott (1)
 3. *Lincoln*, Bruce Catton (2)
 4. *The Secret Garden*, Frances Hodgson Burnett (1)
 5. *The Christmas Book*, Richard Ford (2)
 6. *The Christmas Book*, Anya J. (1)
 7. *The Heart's Last Dance*, James Hervey (1)
 8. *Notes from the Big Girl*, Janet Wilson (1)
 9. *The Wind of the Day*, Gwendolyn (1)
 10. *Paradise and the Angel of Death*, John Hervey (1)

- NONFICTION**
1. *The Great South*, Bill Galt (1)
 2. *Global Warming*, David Keating (1)
 3. *John F. Kennedy*, A. J. (1)
 4. *The War of the World*, David Keating (1)
 5. *The House of the Rising Sun*, Bill Galt (1)
 6. *Richard Wright*, Richard Wright (1)
 7. *The Heart's Last Dance*, James Hervey (1)
 8. *The Canadian Revolution*, Peter C. (1)
 9. *Steve McQueen*, Peter C. (1)
 10. *Journey of the Mind*, Bill Galt (1)

1. *Richard Wright*

Compiled by David Keating



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COLUMN



Stop the petty sniping at philanthropists

BY BARBARA AMIEL

The *Boston Day* editorial in *The Globe and Mail* tried to pull its punches. At first glance, it seemed to be praising the "generosity" of 2005's great Canadian philanthropists: \$15 million donated by financier Seymour Schachal to York University School of Business, \$5 million worth of paintings from Joey and Toby Tannenbaum to the Art Gallery of Ontario, \$3 million worth of Debra, Stuart and other paintings from the estate of the late Saeed Brodman to Ontario's National Gallery, \$14 million from the Ivey family of London, Ont., to the University of Western Ontario business school.

But just as this information moved from page to page to brain, the delicious words that filled the heart were replaced by a chill. "There are more," warned the editorial, and one knew with sinking heart that we were about to learn why we should all feel this way, "who would question the real generosity behind such donations?" It turns out that "Mr. Schachal, after all, stands to earn a \$1-million tax reduction for his \$15-million gift, if he so desires," and the Tannenbaums "could lose as much as \$600,000 if the Tannenbaums decide to claim a deduction." The editorial wanted to make three points: real altruists would donate from altruism alone only; second, that private giving is dangerous because in America, where tax deductions for philanthropy are 40 per cent, as opposed to the Canadian 29 per cent or less, private donors have "virtually controlled" important cultural institutions" by big donations; and third, that the ultimate cause of grief for Canada would be one where charitable acts were seen as "obligations."

I accept the notion that true altruism means no personal benefit. If you give a dollar to a beggar, that is real philanthropy. If you give away a dollar that would otherwise be taken away from you by the government, it is simply an allocation of your resources

according to your own lights. But even by this purest of definitions, our donors remain true philanthropists. According to the *Globe's* own calculations, Schachal, if he claims his full charitable deduction, will give \$12.2 million more than his tax receipt and the Tannenbaums will give away and lose as well. Finally, if the *Globe's* attitude becomes law in this land, I'd recommend to Mr. Schachal and the Tannenbaums, and any other donors in Canada, that they pick up their penny banks and postbags and move to a more hospitable country where their charity is not scrutinized to make sure it is free of "self-interest."

One is reminded of the York professor who argued a few years ago that everything a person owns is really the property of the state, and that it is wrong to look at one's income as one's own because it actually belongs to the common weal. Whether I earned \$15,000 or \$500,000 would make no difference—the state would give me the same as my neighbor got, and if I earned nothing, I would be given the same money by the state.

But those theories that work best, and Canada is among them, do not accept this

premise: we believe that money or property is freely generated and acquired belongs to the individual, and even though we agree to give a portion of our income to the state for common purposes such as roads or defence, anything else a citizen wants to give away from his income should as much as possible be under his own control. By allowing a tax deduction for certain contributions, the government is saying two things: It encourages you to spend your money on the arts or hospitals or various other designated areas so government can spend less on these and, second and as important, it is saying that it will also allow citizens some say in how their tax dollars will be spent. After all, a charitable tax deduction has no value unless you have a tax bill to deduct it from. When I can choose where to donate, I am being given a say in how my tax dollars should be allocated.

Far from being coded or reduced, thus tax deduction and the more distributed as simple, should, if anything, be enlarged. If my tax bill is \$20,000, it seems to me that in a genuine participatory democracy, \$15,000 could go to general revenues and the remaining \$5,000 could be specified by me to go to public libraries, the National Ballet, scientific studies or back to general revenues. If a principle of this society is that a person's private property and income belong to him, then the more say he has in how the government spends his money, the better.

As for the *Globe's* notion that the taste and judgment of social engineers and bureaucrats are preferable to the judgment and taste of the committed philanthropist, only a dyed-in-the-wool statist could believe that. American cultural institutions compare more favourably with Canadian ones (take a look at the Henry and Lucy Moses Metropolitan Museum of Art, the J. Paul Getty Museum, the Solomon R. Guggenheim Museum, the Frick Collection or the Barnes Foundation Collection). The *Globe* editorial takes a moral superiority as a position where the people who call the cultural lane have not said the word, but rather have appropriated other people's money to do it. I don't see it.

There is something intrinsically insidious in the *Globe's* stance, which only gives the people in charge the opportunity to question the quality of contemporary altruism. The philanthropic tax deduction is available for every citizen who might all his money for, say, a war against Iraq. Perhaps the idea is to have one law for those with higher incomes. We will not question the moral fibre of the people who will contribute a Military of Altruism to improve the moral fibre of the super-rich.

I look at things in a different way. When Mr. Schachal donated \$15 million and takes his tax deduction, it is socially beneficial in two ways: first, York University gets a \$15 million gift, and second, the state's power is reduced by \$1.8 million. In any balance, the second benefit probably outweighs the first.

ON THE ROAD

Team Canada tries to score business and political points

BY ANTHONY WILSON-SMITH

Sometimes, in the life of a prime minister, it is possible to travel halfway around the world—and still face reminders of the problems you thought you had left at home. It was that way last week for Jean Chrétien when he arrived in Auro, accompanied by seven provincial premiers and 200 Canadian businesspeople for the start of a 12-day trade mission. There, he found his first host country, India, defying subjects all too familiar to him. They included cultural traditions—in some regions affecting the country's trade—the sinking value of India's currency, the rupee, against the United States dollar, arguments over the limits of free trade with neighboring countries, speculation about whether India's two national airlines should merge and that great Canadian favorite—bickering over whether to denounce a federal government's powers.

As if those were not familiar enough issues, there were also those pesky Canadian premiers. On their first night together in India in the city of Mumbai, formerly called Bombay, several joined Chrétien for a private, informal dinner at the downtown Chula Garden restaurant. Midway through, a waiter handed Chrétien a note from another guest, which suggested that the prime minister should pay the bill for all premiers present. When a startled Chrétien looked around the restaurant, he discovered that the sender was Ontario Premier Mike Harris, sitting cheerfully from another table.

But that was one time when a premier was only joking in making demands on a prime minister. And by the time the first week of their trip was over, most of the members of the self-proclaimed Team Canada had at least some reason to smile. As they left India last week for stops in Pakistan, Malaysia and Indonesia, federal officials boasted a \$2.4 billion in deals signed by Canadian and Indian firms. That total is minuscule compared to the \$5 billion in agreements that Canadian companies signed during a similar Canadian trade mission to China in November, 2000. In fact, as Indian officials and their counterparts from the provinces reportedly pointed out, it



At the Taj Mahal: By the time the first week of their trip was over, most of the trade mission's members had at least some reason to smile.

also amounts to more than four times the entire 1994 total of \$723 million in trade between Canada and India. "What we have done here," said Chrétien, "is, we hope, only a beginning." Or, perhaps, more like a rebirth in several ways. Most significantly, Canadian political and business leaders want to rekindle a once-warm relationship with India at a time when its economy is surging forward (page 14). A series of economic reforms since 1991 have liberalized trade and investment, and India's middle class is now estimated to include more than 150 million of the country's 800 million population—making India the world's largest emerging consumer market. The visits this week to Pakistan,

Malaysia and Indonesia, meanwhile, are expected to result in as an additional \$1 billion in new deals for Canadian businesses. But even on the other side of the globe, Canadian domestic concerns were never far from the surface. Federal Liberals hope that the chemistry created by eight of Canada's best ministers traveling together will restore some good cheer in federal political relations at a time when it is conspicuously lacking. And some Liberals also say privately that they hope the trip will act as a balm for Chrétien, who has sometimes appeared to lack confidence and energy in the wake of the agonizingly close result of last October's Quebec sovereignty referendum.

All of that amounts to an impressive work load for a trip that began with relatively modest expectations—and in obvious fashion. On a relief final stop in Palermo, Sicily, the truck that was supposed to supply gas to the government charter Boeing 707 carrying Team Canada turned out to be running on empty—resulting in a 90-minute delay. Then, the first two flights within India, from Mumbai to Delhi and from Delhi to Auro, were delayed by heavy fog. In a tight schedule planned in the minutes those delays were so small, neither—and resulted, predictably in a spate of blacked by business jokers from participants that Team Canada, 1998's winner, had "figured out and got" right from the start.

In part, such jokes reflected nervousness about the why the trip would be permitted at home. With three provinces, Alberta and Saskatchewan as well as Quebec, and both territories not represented, the uncertainty that English Canada deployed during the China trade mission—Chrétien's Jacques Parizeau did not participate—was lacking. And, on the most accessible side, the results of the India trip are much more modest. For one, the figure of \$2.4 billion in new deals is, in itself, far from certain. The good news is that it includes agreements in sectors ranging from telecommunications to agricultural land supplies, reinforcing Canada's versatility and strength in international markets. Free energy, though, is the fact that the total includes some firm contracts—but also some much less-certain memoranda of understanding and letters of intent, which are less binding. Of the \$244 million in deals signed at an initial ceremony in Mumbai, for example, only \$204 million was in contracts.

As well, some potential contracts hinge on factors that are beyond the control of the parties involved. For example, Motorola's Bell Canada International Ltd. (BCIL) signed \$200 million worth of deals for \$125 million of that total is tied to BCIL's planned involvement in the development of a mobile telephone service in the southern state of Andhra Pradesh. But that, BCIL needs an operating license—and for that, in turn, it must wait a related decision from the Supreme Court of India, which is expected to rule soon on a series of antitrust-related disputes that will, among other things, affect the pricing of regional services in foreign companies. Aiding against foreign investment would, of course, propitiously, BCIL's contract. In fact, said BCIL chief executive officer Derrick Burrows, who is part of the Team Canada mission, "We have made some big steps, but we're still not where we need to be."

That same notion reflects the way in which Canada views India's progress in several areas. Publicly, representatives of both countries have publicly agreed to dialogue on the issue of India's refusal to sign the United Nations Nuclear Non-proliferation Treaty. In fact, Canada has not signed up on the issue, insisting that while it remains a high priority that India eventually sign the treaty, its present refusal will not harm relations between the two countries. That on the subject of human rights, Chrétien last week showed a new willingness to tackle that question head-on—unlike the Teas Canada trip to China, during which he was reluctant even to mention the theory that China was far from adhering to its own human rights laws, instead using the much more innocuous phrase "good governance issues."

In India, he was more blunt. Despite the country's status as the world's largest democracy, it still suffers from ongoing human rights problems, among them widespread child labor, child prostitution and discrimination against women. During meetings with Indian officials, including one on Jan. 11 with Prime Minister V. V. Narasimha Rao, Chrétien raised all of those questions.

Canadian federal representatives said that Canada's concerns about human rights are not new, but both sides agree that the problems involved are not easily solved. The question of child labor provides one clear example of that. The issue has been raised in some previous

by the efforts of 15-year-old Craig Kielbaso of Thornhill, Ont., who has mounted his own campaign against the exploitation of children. Last week, visiting Indian minister Chandrababu Naidu, who brought his highly publicized crusade in India—and arranged to meet with Chrétien over the weekend. The Prime Minister, meanwhile, in a weekend speech to a New Delhi business audience, pledged that Canada will try to undertake new efforts to tackle the problem. Noting that "we will look at child labor as one of our main contributions," Chrétien also declared that "all of us must work to alleviate the poverty and underdevelopment that is at the root of this harmful problem."

In fact, with more than 600 million Indians living by Canadian standards, in poverty-level conditions, many families depend on at least one member working in order to survive. Canada's secretary of state for Asia-Pacific relations, Raymond Chan, one of the government's most vocal champions for human rights, said that he raised the issue of child labor extensively during a trip to India last year, during which he was met by several Indian rights activists. But, he added, "I cannot support it, but you have to try to understand it. The reality is that in some cases, if the child did not work, the family would not eat."

Overall, Chrétien's performance on the human rights issue did help to dispel the impression his government has sometimes earned that it cares about levels at the expense of other things. But in almost every other way, the new Team Canada offers little by comparison with its 1994 China predecessor. Then, the Chrétien government was at record levels in the polls, and the Prime Minister was the undisputed leader of a team that included



Chrétien with Anand Sharma, Prime Minister of India, discussing business concerns at the start of his mission.

Canada wants to
rekindle its once-warm
relationship with India

some of the 10 provincial
premiers and the leaders

at the two tentacles. That trip marked one of
Chrétien's first major forays abroad as prime
minister, and his performance was highly
praised by the business and political leaders
accompanying him in a sharp departure
from the traditionally fractious relations be-
tween prime ministers and premiers. Chré-
tien was even dubbed "Captain Canada" by
then-Ontario premier Bob Rae, who presided
long with a locky demeanor emboldened with
a "C" for captain.

In India, however, the premier ignored a
less giving mood—both toward the Indian
government and others. Despite their sur-
prisingly good chess, economic crisis. For one, several
at premiers concede privately that they are
deeply annoyed with Narendra Singh Khosla and
basketballer's Roy Bhonsale, who declined to
take part in the Asia mission, citing domestic
commitments. By their decision to skip In-
dia, one Maritime premier declared, Khosla
and Bhonsale "are implicitly suggesting that
the rest of us don't care as
much about what happens
at home."

As well, there are several
reasons for frayed tempers
between the provinces and
Chrétien. The principal
one is provincial frustra-
tion over federal plans to
reduce the size of annual
transfer payments to the
provinces, which help fund
a variety of provincial pro-
grams. Another is provin-
cial impatience with the
pace of federal govern-
ment plans for reform,
which, provinces hope, will
result in the transfer of
new powers from Ottawa.
In fact, Ottawa is frustra-
ted by the unwillingness of
most provinces to harmonize
their sales taxes with the federal
Goods and Services tax.

All of which goes to show that, in politics,
environment may change but the problems
remain the same. Still, one incident last week
showed that it should never be said that Cana-
da's first ministers are completely incapable of
working together. At the end of the day's In-
dian activities, Chrétien took his wife Anne to
dinner at New Delhi's famed Bukhara restau-
rant. There, he encountered most of the pre-
miers and their wives. The group decided to
sit together and, after several minutes, rose to
inspect the kitchen at the invitation of the
head chef. Although no one at the table who
came up with the idea, they donned aprons
and, under the chef's instructions, prepared
an enormous roll of naan, a dense, leavened
Indian bread. While the chef put the final
product in the oven, they returned to their
table—and broke bread with the finished roll
and several minutes later, and for once, there
was not one argument between the federal
and provincial leaders over the final result of
their efforts. □

Bonding in the air

"Travel," wrote
the talented
American au-
thor Paul Theroux, "is
not a vacation, it is a
pilgrimage, a journey
toward a goal, a search
for a better life."

BACKSTAGE OTTAWA

BY ANTHONY
WILSON-SMITH

It's not a vacation, it's a pilgrimage, a journey
toward a goal, a search for a better life. That's
how Paul Theroux, the American author, de-
scribes travel. For one, several at premiers
concede privately that they are deeply annoy-
ed with Narendra Singh Khosla and basket-
baller's Roy Bhonsale, who declined to take
part in the Asia mission, citing domestic com-
mitments. By their decision to skip India, one
Maritime premier declared, Khosla and Bhonsale
"are implicitly suggesting that the rest of us
don't care as much about what happens at
home."



Khosla: a
snob against
child labor

which, provinces hope, will
result in the transfer of
new powers from Ottawa.
In fact, Ottawa is frustra-
ted by the unwillingness of
most provinces to harmonize
their sales taxes with the federal
Goods and Services tax.

All of which goes to show that, in politics,
environment may change but the problems
remain the same. Still, one incident last week
showed that it should never be said that Cana-
da's first ministers are completely incapable of
working together. At the end of the day's In-
dian activities, Chrétien took his wife Anne to
dinner at New Delhi's famed Bukhara restau-
rant. There, he encountered most of the pre-
miers and their wives. The group decided to
sit together and, after several minutes, rose to
inspect the kitchen at the invitation of the
head chef. Although no one at the table who
came up with the idea, they donned aprons
and, under the chef's instructions, prepared
an enormous roll of naan, a dense, leavened
Indian bread. While the chef put the final
product in the oven, they returned to their
table—and broke bread with the finished roll
and several minutes later, and for once, there
was not one argument between the federal
and provincial leaders over the final result of
their efforts. □

Theroux's second book
about travel, "The Great
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THE TWO INDIAS

BY THOMAS HOMER-DIXON

Prime Minister Jean Charest's visit to India last week in the company of 300 Canadian business leaders was only the latest sign of growing interest in the subcontinent on the part of Western investors. But while India is undergoing a rapid economic transition, it is still a Third World country with many impediments to development. Thomas Homer-Dixon, director of the peace and conflict studies program at the University of Toronto, has travelled extensively in India and recently spent a month touring through four northern states along the Ganges River. He cautions that potential investors should not let the excitement generated by the opening Indian economy distract their attention from the problems that remain.

As the late-night train from Delhi pulls into Howrah Station across the river from Calcutta, the traveller enters a world that seems—to a Westerner at least—like a dark and chaotic delirium. The station, a cavernous remnant of the British Raj, is bathed in a feeble fluorescent glow. The platforms are packed with hawkers, porters and passengers. Outside, exhaust fumes and smoke shroud everything in haze. Battered taxis and trucks plug the streets and creep up the ramps to Howrah Bridge, leading to Calcutta. Roadshows weave through and around the jammed traffic, while shadow figures in rags appear and disappear into the gloom. The noise of horns and engines is overwhelming. And an eerie scrap of pavement not clogged with traffic, people are lying. Within a metre or two of truck tires and belching exhaust pipes reside whole families, sometimes out in the open, sometimes under cover of a few bits of burlap and tin.

Thus is one India—an India of poverty and crowding, often diseased, occasionally injured and tamed by the rest of the world. There is an other India, however, that is becoming much more obvious now, especially from Western business leaders. This India has a rapidly liberalizing economy, a nine-percent GNP growth rate and a booming middle class estimated to be 130 million strong. This second India—the "new" India as many optimists see it—is visible in all the country's urban centres. It is seen in the skyscrapers of Windows 95 mansions at the sidewalks of the twinkling lights of Old Delhi, in the billboards that proclaim the advantages of "cheap labor," washing machines and in a prime-time TV schedule that now features *Baywatch*. The *N-Prior* and *Canada's Street Level*.

Exploding in the wake of an economic liberalization program begun in the early 1990s, the new India is characterized by entrepreneurs, consumers and a surprisingly Westernized pop-culture. A recent poll of middle-income Indians by the newspaper *India Today* showed remarkable convergence with middle-class attitudes elsewhere in the world. These Indians are concerned about crime, pollution, unemployment and corruption. They rank travel and the environment near the top of their list of personal interests. In fact, between 1991 and 1993, the most recent year for which figures are available, the number of Indians taking domestic holidays grew from 67 million to 86 million, a 26-per-cent increase.

This new India may attract most of the attention and excitement in the West, but the cities—still desperately poor—India simply cannot be ignored. The consequences of mass underemployment, overpopulation, a self-defeating caste system and an overstressed infrastructure twist their way like black threads

SPECIAL
REPORT



Shanties in downtown Bombay: liberalization has raised expectations

The country still juxtaposes almost unimaginable extremes—beauty against ugliness, wealth next to squalor

through the fabric of Indian society. Fully 78 per cent of India's 550 million people live in the countryside, and at least 250 million live on insufficient income to meet their basic food needs of 2,300 calories a day. In the towns and villages of the densely populated northern "bread bowl" along the Ganges River, the current economic boom is much less stable than in the big urban centres. Yields of rice, wheat and vegetables have increased markedly in recent decades in these regions, and family incomes have risen significantly as a result. But much of the field work is still done with human and bullock muscle power, which is often thrashed by hand, and cow dung and branches scavenged from bushes and trees are still main sources of energy. Children scrounge in dirty village streets in grubby clothes and with no shoes. Female literacy is above 50 per cent, and female infanticide is distressingly common.

In some parts of rural India, society has continued with a market-driven breakdown of traditional feudal relations between landowners and peasants to produce despair and rampant violence. In the "breadbowl" of southwestern Uttar Pradesh, the most populous Indian state, landless and land-poor farmers are rife. In past years, travel on back roads after

an debate over the best strategy for the country's development. The first, most powerfully advanced by Mahatma Gandhi before and at the time of independence, emphasized the economic role of the Indian village and stressed the need for a variety of small labor-intensive, low-technology industries in rural areas.

Gandhi's village-based strategy was never vigorously pursued by the Indian government. Instead, Jawaharlal Nehru, the country's first prime minister from 1947 to 1964, emphasized state-directed heavy industrialization, with investment in basic industries, such as steel production, and the state infrastructure projects, including dams and power plants.

By the 1980s, economic planners both inside and outside India recognized that this strategy had failed. Many of the grandiose infrastructure projects had not come close to meeting original expectations and had siphoned off vast amounts of capital. More important, the liberalization of the state into every corner of economic activity had stifled entrepreneurship and provided countless opportunities for graft. India seemed locked into a chronically low economic growth rate of one to three per cent annually, barely enough to keep up with population growth, let alone alleviate the desperation of places like Calcutta and Uttar Pradesh. By 1990, the country had a debt crisis. It was clear that a radically different economic approach was needed.

That year, the new prime minister, P.V. Narasimha Rao, with the help of his extraordinarily able finance minister, Manmohan Singh, began a sweeping program of economic liberalization. This third strategy of economic development emphasizes greatly reduced state intervention in the domestic market, increased foreign investment and the integration of India into the world economy.

Although begun with a burst of activity—focused in particular on the lifting of some of the more onerous foreign requirements for industry—the liberalization program has slowed to a crawl, especially in the wake-up in national elections in April. Nations that groups have rallied against multinational investment. In August, the new Hindu nationalist government of the state of Maharashtra announced a contract with a U.S.-led consortium to build a power plant outside Bombay, state officials now say the deal can proceed only if the consortium agrees to a 25-per-cent cut in power rates. Similarly, anti-American outbursts have failed to stop the opening of Kentucky Fried Chicken outlets in Bangalore and Delhi.

Moreover, the economic liberalization has found it extremely hard to prevent major state-owned corporations. Many of these industries, from railways to coal mines and fertilizer plants, are so inefficient that huge layoffs would occur if they faced the rigors of the marketplace. Since India's relatively two-percent annual population growth rate means that the country's work force by more than 30 million people a year, any policy that threatens to make unemployment worse is unacceptable.



Broaders on the Bombay Stock Exchange: sharp declines

dark forested robbery; the local police and politicians have been thoroughly criminalized. Slavery, a policy that contemporary magazine, noted recently how this social state is linked to conditions in northern India on rural life that are especially oppressive for the young: "For the majority of people, there is little to do. No entertainment, no social mobility, no movement beyond the confines of the area, no great interaction with people from different world of life." In this dull and confined existence, Sunday suggested, the only thing that keeps some people going in the sense of power derived from dominating and terrorizing other members of the community.

The gulf between these two Indias is the central fact of India today. It is a result, in part, of choices made by the country's economic planners and political leaders going back to the modern world's birth in 1947. Since that time, three economic world views have struggled for pre-eminence in the ball-

dually attacked by left-wing parties representing poorer classes and classes.

Despite these difficulties, there appears to be a broad and deep commitment among the country's political and economic elites to economic reform. Even the 83-year-old Congress, chief minister of West Bengal, Prof. Banerjee, has begun a modest market liberalization and is seeking overseas investors. Reform has brought major economic gains, most notably in the high-technology sector of Bangalore in the southern state of Karnataka, and in the financial heart of the country, Bombay, but also in rural areas and urban squatter settlements where some residents are now able to afford amenities such as TV and refrigerators. Impressively, the Rao government has managed this liberalization process without severe inflation. Last month's rate was 6.9 per cent, down from 10 per cent a year earlier.

But the economic boom has been volatile. The surge of consumption and business expansion has driven up the trade deficit, which soared by 30 per cent last year. This deficit has combined with a rapidly rising external debt (now nearly \$135 billion, compared with Canada's \$110 billion) and with the political uncertainty caused by the forthcoming elections (which no single party seems likely to win decisively) to force down the value of the rupee. That, in turn, has upset some of the confidence of foreign investors, who were previously pouring money into both the stock markets, where a sustained bull run, the Bombay Stock Exchange declined steadily in 1992. In November alone, the benchmark Sensitive Index of the lost dropped about 15 per cent.

Widespread foreign investor interest, heavy government spending to protect the rupee and an inadequate domestic savings rate have produced a credit crunch and sharply higher interest rates. As a result, many corporations are finding their loans going sour along with major investment plans. Some analysts expect that the Indian economy will grow only modestly in the coming year.

The troubles facing India, though, are much more than economic. For one thing, all levels of government are riddled with corruption. At the district and state levels, politicians routinely have local gang leaders or thugs to act as political enforcers. In some districts, India buses are stopped at night, and voters are scared away from polling stations. T. N. Seshiva, India's tough and outspoken chief election commissioner, writes in his new book, *The Degeneration of India*, that "politicians have discovered that in order to keep referring to office they need to obtain votes on the basis of intimidation." At the national level, jackals and bribes have become common in its economic system still constrained by license and quotas. Seshiva concludes: "The terrible truth is that we have degraded politics—bribery and the gift money—have now become multifunctional and respectable."

Sometimes it is hard to tell whether the problem is corruption or outright government incompetence. Delhi recently solicited bids to operate telecommunications services in 18 regions of the country. Bell had planned, under wording of the tender documents and clear rules, the bidding rules in multibillion reduced the process in chaos. Many foreign multinationals—including Bell Canada International, which had hoped to win a license to provide basic phone service in Maharashtra state—lost out in the process, and so recently sold Indian company, Bharti Cellular, was the big winner. Suspecting that money passed under the table, opposition parties in the Lok Sabha at the lower house of India's parliament brought proceedings to a halt for days at a time. Last week, Bell signed a new license deal to provide basic service in the much poorer state of Andhra Pradesh.

SPECIAL REPORT

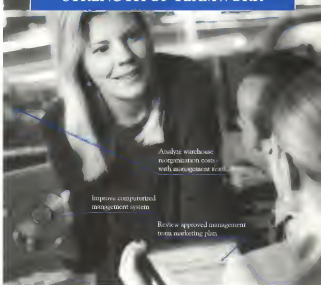
Although the most visible manifestations of political crisis in India are corruption and incompetence, most analysts agree that the underlying cause is the chronic weakness of state institutions, which include the legislative, executive and judicial branches of government built in the British and at the regional level. In some parts of the country, such as the northeastern state of Bihar, legitimate government authority has largely ceased to exist. Instead, Bihar is under the sway of mafia criminal groups and armed gangs of hoodlums who rule government institutions for everything they can get. The results are appalling: road, water and power systems are in a shambles, easily controlled districts such as children are common and the overall economy has severely improved in decades.

Given the complexities of the transition to a modern, open economy, India urgently needs strong, honest and competent leadership at all levels of government. Liberalization is boosting expectations and producing unprecedented upward mobility for tens of millions of people. The country's steady population growth and rising personal consumption are severely taxing the underlying natural resource base of cropland, water and forests. Only southern states, Karnataka and Tamil Nadu, are in the midst of a heated dispute over the scarce waters of the Cauvery River. In search of a better life, countless poor people are flooding from resource- and opportunity-poor rural areas into farming squatter settlements in urban cities. Bottlenecks in the transportation and energy systems are critical and getting worse. In fact, the entire western electricity grid has failed five times in the last six months.

The conjunction of these myriad stresses with chronically weak government is aggravating conflict among regions, religions and castes—the special link lines in India society. Extremes such as the Thakur, chief of the right-wing Hindu Shiv Sena movement in Maharashtra, are using the volatile situation to inflame political debate with over-the-top communal accusations, in Thakur's case by politically mobilizing Hindus against Muslims, who form 12 per cent of the national population. The key to success of India's economic transition, and to social stability, is the ability of its political institutions, especially its political parties, to moderate this extremism. Surprisingly, a major reason why India has avoided disintegration since independence—despite ferocious internal pressures—is the very heterogeneity of its society. Political parties, in particular the Congress Party (which has dominated Indian politics), have had to construct bargains and compromises across multiple groups in order to win and retain power. Myron Weiner, a leading American expert on India, puts it this way: "The political necessity of coalition-building often transcends programs, ideologies, and class and ethnic differences." Unfortunately, these are signs that India's parties are relying more upon narrow sectarian support and engaging less in the coalition-building that sustains moderate politics. Also, Congress has been debilitated by internal fights at the top and organizational breakdowns at the grassroots.

In this turbulent period, much is going right in India, but much remains gravely wrong. The country still possesses almost unimagined resources, buoyant against illiquidity, wealth and its squander, and hundreds of enterprising middle classes and entrepreneurs. The story says that people the country will prosper for decades to come. Whether India enjoys a successful transition to a new economic order critically depends on the country's political leaders and parties, and on whether they combine the coalition-building that has served India so well up to now. □

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Tobin in St. John's with wife Christine, changing Canada's political landscape

acknowledged position. Convinced that Ottawa now needs to shift its focus from deficit reduction to job creation, Tobin is likely to be a powerful—and, at times, loud—force among premiers battling Ottawa over diminishing funds and conflicting visions of how the country should be governed.

There are signs that Tobin's political wingman from his federal Liberal colleagues has already be-

come one-on-one talks leading up to his resignation from cabinet last week was the 41-year-old MP's concerns over Ottawa's husband-and-wife policy on Quebec. Instrumental in promoting the 11th-hour Meech Lake accord with some 120,000 Canadians before the Oct. 30 Quebec referendum—a gathering that he has described as the "magic highlight" of his federal career—Tobin is unlikely to be as amenable as Wells on the issue of granting some special powers to Quebec. In his Newfound-land's premier, Tobin told Maclean's, "I'm speaking for three Canadians who believe that no matter where we live or what our circumstances, the passport should carry with it as much respect as citizenship."

In his first week of campaigning, Tobin, a father of three whose wife, Christine, is from Labrador, displayed a crowd-pleasing public voice as another federal provincial issue that will define his future with Liberal Ottawa, the reduction of Ottawa's \$30-billion deficit. "The question now is how to restore a balance," he asserted, clearly aware of the fact that his province is heavily dependent on federal aid. "With our eye on the fiscal bottom line, you should try, if you can—and it's a real trick to achieve—to keep the other eye on the human bottom line. Money is not a value in itself of the office; it's going to be a problem."

By the standards of Tobin's colorful career, the adjustments from defender to someone critical at not a particularly long stretch. While in Ottawa, the former media broadcaster or developer in industry policy to describe the status in political circles. Tobin is a former member of the infamous Liberal Pick, he was the first to leave it, trading a staff article for a backroom strategy as one of Christine's key advisors of the 1993 election campaign. An aggressive desk runner, he also inspired a staff writer who was often called "The one who is not a member of the staff." There was one notable exception: when Mulroney, like former Liberal prime minister

John Turner before him, made a rash of patronage appointments before retiring, Tobin loudly claimed that the Liberals "would never exchange patronage for principle." At the House of Commons erupted into laughter. Tobin turned to his seatmate, Nova Scotia MP Mary Coady, and growled, "Did I really say that?" Responded Coady: "No, my darling, I think it was your evil twin."

Nowhere were Tobin's political instincts—and lack—more apparent than in his two-year referendum stint in the stable fish men's parties. Faced with a critical decision of old stocks, Tobin declared that he would "not trade the fish for a job"—and in 1994 shut down the cod fishery on the Grand Banks and in the Gulf of St. Lawrence, the loss of 20,000 people. But he deftly turned anger over his conservation measures into a broad-based demand for the war waged against foreign overfishing. He introduced legislation that banned overfishing outside Canada's 200-mile limit by vessels flying flags of convenience, arrested a Spanish trawler for overfishing in Atlantic waters off Newfoundland, and won admission abroad with his grandstanding on behalf of the nation. "The fish without a voice"—at last summer's United Nations High Seas conference in New York City "Newspaper put an Algonquin person in a chair in front of me in a whole lot of problems," Tobin once told Maclean's. "He has the mistaken belief that he can solve some of them."

In fact, those accomplishments overshadowed by the loose ends Tobin has left behind. If his Canada has the 37 countries that signed the UN's binding convention on end fisheries overfishing last July, the signatures of three more countries are needed before it is enacted. On the East Coast, an ambitious program to cut the domestic Atlantic fishery of 20,000 people by half, in part by a \$500-million plan to buy back fishing licenses, has barely started, with only 220 million quads so far to lose a policy 20 licenses. But Tobin, a popular legislator among his staff, has left his mark. "He had a vision—and he recognized everyone who was around him with it," said one senior fisheries official last week.

Now, the fifth of nine children raised on a farm house in Stephenville and Goose Bay in northern Newfoundland, Tobin has a reputation as a man of few words, a man of few words, who gives the fishermen's Toadfish and Terrible. Asked by a reporter which fishermen belonged to him, a perplexed Tobin replied that he honestly couldn't remember. But Cyril McGowan, now known as Toadfish, a former St. John's newspaperman, can. "When we put one of his fish back there," McGowan told Maclean's. "If someone suggested to me that he would someday be premier, I would have laughed at them." That, it turns out, is now Tobin's destiny.

K. WAYNE JEWELL in Ottawa with FRANK GALT in Stephenville and ROSEMARY MACISAAC in Halifax

DAY OF HORROR

A business collapse leads to a B.C. tragedy

Friends and business acquaintances once referred to him as the "happy prince." The reality of James Haug's fall from grace, as it emerged last week after the 45-year-old Vancouver and estate developer slaughtered his members of his family and then killed himself at Surrey, B.C., on Jan. 5, was just himself. Unconfirmed reports circulated widely that members of Haug's organized crime world were after him—the result of a failed Tapco department store development that left him with massive debts; he faced a major lawsuit launched by investors and, under indictment in Taiwan for fraud and breach of fiduciary, a Jan. 11 court hearing. Struggling to

\$250 million to 3,000 investors, a recreation company and a private bank.

By then, Haug, who gained Canadian landed immigrant status in 1981, had already fled Taiwan for Surrey, B.C. He lived in anonymity. And, evidently well in advance, planned the gruesome events of Jan. 5. Last week, police revealed that, two months ago, Haug went there inside alone—not to the police, one of his friends and another in his family members. Then, he legally acquired two offices and a shotgun, with an application for the purchase of two handguns still pending. Finally he called his sister in Los Angeles, that island friend, to inform her of his plans. Unaware of his intentions to act as a vigilante,

he called out to call the police and instead decided to immediately fly to British Columbia.

It was no late. Haug's wife, Jennifer, 4, was the only one of his children to escape death—his already mortally wounded mother, Jane, pushed him, unharmed, out of the house before collapsing on the driveway. A neighbor took the child in and then phoned 911. By the time police arrived, Haug, 46, had dragged his wife back into the foyer of their luxurious rented home, where he cancelled his shooting permit by turning his gun on



James Haug with his family: \$250 million in debts and a bloody rampage that only his son survived

himself. Police found the body of Haug's mother, Jane, 66, who had argued with him on the day before, in the hallway. One of his daughters, Rebecca, 15, lay dead in her upstairs bedroom; the other, Aimee, 8, in the basement.

Also in the living room, placed in a wall, was Haug's suicide note to the police dated Nov. 4 "I am committing suicide," Haug had written in Chinese. "Sorry for the trouble." Haug may also have been depressed by the state of his father's health: the elder Haug had suffered a stroke and was recently diagnosed as having cancer. His wife, Jennifer, account for Haug killing himself—but why his wife, mother and children? In his suicide note, Haug offered little explanation, apart from a twisted apology: "He did not, he was, was with family to suffer."

PEETER KIVIMÄKI with correspondence from Toronto

CANADA

A PREMIER ON THE WAY

Brian Tobin decides to go home

On a Christmas Eve, Prime Minister Jean Chrétien asked Brian Tobin to drop by 24 Sussex Drive for a party that almost his last. Longtime political colleagues and, more recently, personal friends, Chrétien and his fisheries minister had much to discuss. Several weeks earlier, amid speculation that Newfoundland Premier Clyde Wells was about to announce his retirement from politics, the ambitious Tobin, over the holidays, had told his boss that he was seriously thinking about seeking the job. That left Chrétien with his own dilemma, facing a need to shuffle a weary cabinet—and the possibility that he might lose one of his brightest lights, a brain but talented Newfoundland MP he was prepared to push men higher up the federal ladder. The Christmas Eve meeting ended with the question of Tobin's future

unresolved. But finally, over breakfast with Chrétien on Jan. 4, Tobin declared that he was going home. As he lay out his thoughts, he said, "I made my decision with my heart and with my gut. And my heart and my gut are in absolute sync."

The closer Tobin is to alter the course of a promising career in Ottawa is certain to change the federal and provincial landscapes. Launching his peripatetic campaign in St. John's last Monday with no money, land questions or specific policies, Tobin is all but assured of winning directly to office in Newfoundland and Labrador's next premier on Feb. 26—ironically, the same week Chrétien is expected to introduce his revised cabinet. Frey to assist of Ottawa's sensitive fisheries decisions, the 45-year-old Haug has placed himself in both an enviable and as

Despair in the deep

Cape Breton miners face a new round of layoffs

When Kennedy runs a flooring, paint and wallpaper store in the once-booming mining community of Glace Bay, N.S. But it used to be much more. A peck behind a new partition reveals the remains of a hauled hardware franchise. The huge warehouse out back that once bristled with lumber supplies now serves as storage space. And last week, as word of the massive layoffs by the major employer, the Cape Breton Development Corp. (commonly known as Devco), washed over the town, Kennedy, 40, called his suppliers to cancel fresh orders for \$40,000 in spring inventory. "There's the reduction," he said with his arms folded as he nodded towards the eerie absence of customers in his store. "They won't buy now. They'll just wait."

Mourning for word about their economic future has been a familiar pastime for the residents of Glace Bay, a community of nearly 22,000, and for others in the cluster of hardrock mining towns surrounding it. But in a region where official unemployment hovers around 38 per cent, the announcement last week that Devco, a federally owned coal-mining company, provoked a new round of fear. The temporary layoffs of more than half of Devco's 2,100-member labor force was just the start. Folded inside that announcement was the greater stage: a permanent one-sided reduction of the workforce begins with 460 employees.

March, and another 480 over the next four years. "You safe for now," said Derek Morley, 38, a father of three from nearby Bookhan as he climbed into his four-wheel drive near the pithead of the Plaster Gallery in New Waterford, N.S., last week. "But I'm pretty sure I'm finished in March—*for good*."

The announced layoffs were all the more disheartening given what preceded them: Cape was the days when Devco's workers, which included more than 6,000 miners at its peak when it was purchased by the federal government in 1987, helped the huge coal veins at nearby Sydney Steel Corp. A steel miner (Sydney Steel), sold by the Nova Scotia government last year to a Chinese trading company, now operates as electric arc furnace. But news-clip reveal also that Cape, too, is the very relationship between Devco and its largest customer, Nova Scotia Power Inc. Recently purchased the power

utility halted last year at a long-standing practice of paying higher-than-market prices for coal, and secured a better deal from Devco. Finally, this was the year that Devco's sole shareholder, Ottawa, eliminated its nearly 50-year practice of subsidizing the corporation—handouts that have averaged nearly \$80 million annually since the mid-1980s.

In announcing the layoffs, Devco president Joe Shawcross—a hard-core, blunt-talking Cape Breton entrepreneur who took over Devco's helm last summer in what he likened to an act of civic duty—said that he

Over at Mike's Lunch, self-employed electrician Godfrey Manger, 51, was bracing for a competitive influx of out-of-work miners into the construction business. And for his one-time employee, John Whelan, the mining layoffs and the economic hard ship they will bring mean that his long wait for a call from the union hiring hall probably will be extended. When Whelan got on the local union job last 24 months ago, he entered at number 139. Today, he stands at 33. The reward when he gets to the top perhaps some steady work or at least the guarantee of enough to qualify for unemployment insurance.

"We've laid off a lot of people here ourselves," says the firm's assistant manager Rick Clarke, looking unsmilingly at the long, slow decline of the local economy. The rhythms of the closure of the federal government's heavy water plant, the collapse of the fishery, and the closure of two major mines



Changing shifts last week, 500 jobs gone

was simply doing what was necessary to ensure the long-term viability of the Cape Breton mining industry. The company, he said, was headed for a loss of \$39.4 million in the fiscal year that ends March 31, 1999. Even after the cuts, Devco expects to lose \$8.4 million. Public Works Minister Doug Young, who represents Cape Breton, concurred with the strategy. "It's a lot better than putting a lock on the door," he said.

Meanwhile, the tight-knit communities around the Sydney coal fields started to make some difficult adjustments last week. "Shelly got his ticket to Grand Cache last night," said a Black MacLaren, 56, told his retired brother, MacLaren, as they greeted one another at the Tim Hortons in Glace Bay's Sterling Mall. Six at seven brothers in the family have worked the mine, and Shelly, 58, will now join another brother who was recruited by a company in that Alberta coal-mining town last July

in the region since the late 1980s. "We always had layoffs here for lunch," says Clarke. "Not any more. Only per cent of our business now comes from people with pensions. It only gets more at the end of the month when they get their cheques. People say it can't get any worse, but then it does."

Other residents are equally glum. "This town is dead," says Glace Bay's Kennedy. He gets no argument from his companion, Debbie Foley, who was just laid off from her waitress job. That reflecting the stubborn determination of many Cape Bretoners, the couple intends to stay put and follow through with some long delayed plans: a wedding sometime in 2007. It gives them something to look forward to in this bleak, lonely, and their fellow islanders, for the uncertain times ahead.

NEELI MACLAREN in Glace Bay

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Canada NOTES

BOUCHARD ACCLAIMED

Lucien Bouchard became the unchallenged candidate to lead the Parti Québécois and became the premier of Quebec, when he was the only candidate to file a nomination. Bouchard will be confirmed as leader following a special party meeting on Jan. 27. He takes over amid death threats against party leaders. Last month, an organization calling itself the Anglophone Assault Group issued two press releases threatening to kill Bouchard if he moved Quebec towards independence. Then, in a letter published in a northern Quebec newspaper on Jan. 16, an organization calling itself the Group of First Quebec Sovereignists vowed to kill Liberal Leader Daniel Johnson if the anglophone group made good on its threat.

POLITICAL PRESSURE?

A mass expert says that political pressure on Nova Scotia mining inspection likely contributed to a 1989 explosion that killed 26 men at the Wexford mine in Pictou. N.S. Don Mitchell, who was hired by the Nova Scotia labor department to investigate the explosion, told an inquiry into the disaster that department employees "felt under great pressure not to clamp down on the mine for safety violations."

ENTERING THE RACE

B.C. Employment Minister Glen Clark, 38, entered the provincial New Democratic race as the favorite to succeed Premier Mike Harcourt following a leadership convention on Feb. 18. Two days later, former B.C. housing minister Jean Denbow, who was fired from cabinet on Oct. 25 after endorsing Harcourt's leadership, also entered the race. Until the announcements, the only contenders were all NDP backbenchers and three political novices.

CONVICTED COY KILLER

An Ontario jury found Clinton Gayle guilty of first-degree murder and attempted murder in the shooting of two Toronto police officers in June 1994. The jury rejected the cocaine dealer's claim that he is mentally ill. Const. Scott Baylis, 33, and wounded another officer only after being fired upon. Gayle received a life sentence.

BRIBERY ALLEGATIONS

Canada's Export Development Agency plans to investigate allegations in a \$1.2-billion contract by Newfoundland businessman Greg Dobson that claims Boeing Co. and Babcock & Wilcox conspired the agency as part of a bribery scheme in the \$84-million sale of five de Havilland aircraft in 1989. Seattle-based Boeing has denied any wrongdoing in the sale.



Ontario's Rae announces his decision: ready to become 'a private citizen'

A farewell to provincial politics

He owed it to his family and himself, he said. "To spend more time as a private citizen, as a husband and as a father." With those words, Ontario NDP Leader Bob Rae, 47, announced at a Toronto news conference last Saturday that he was leaving provincial politics. After 13 years in the Ontario legislature, almost five of them as head of the province's first—and unsuccessful—NDP government, Rae's decision came as no surprise. He had often said that he disliked being in opposition—a situation that he again found himself in last June when his government, plagued by scandal, recession and a soaring provincial deficit, went down to defeat at the hands of Mike Harris's Tories. Rae, a former federal MP and labor lawyer, said that he now plans to renege promising law. And he called on the provincial NDP to renege itself. "It's important that the party make a fresh start with a new leader," said Rae. MP for the Toronto riding of York South. "The campaign should happen without people having to look over their shoulder."

Rae's successor will likely be chosen at a party convention scheduled for June in Hamilton. Among the possible candidates are Frances Lankin, David Clompham and David Williams—all of whom served as cabinet ministers after Rae's NDP rose to its surprise victory in the September 1990 election. Rae's withdrawal from provincial politics, meanwhile, may not mean an end to his involvement

in political issues. There is intense speculation that Rae, in one of the key players in the constitutional negotiations leading to the 1992 Charlottetown accord, may be called by the federal government as a national unity adviser.

A daring rescue

It was a tragedy narrowly averted by the everyday heroism of a Canadian search and rescue crew. A Greek-owned freighter, the *Am Phoenix*, en route to Philadelphia from Europe, ran aground in a two at its holds due to storm damage early on Jan. 18 at a point about 600 miles east of St. John's, Nfld. The ship had just come through a punishing storm that gripped much of the Eastern Seaboard. A Canadian fisheries patrol ship, the *Leonard J. Cowley*, travelled at full speed for 10 hours from St. John's through the raging seas to reach the stricken oil carrier. The *Cowley* arrived on the scene about 5 a.m. on Jan. 11 and waited until first light to begin the rescue operation, which began with a break in the weather and a Canadian military stranding of 28 survival suits. Then, in more bad weather closed in and the swells began to rise again, reaching seven metres, three sailors from the *Cowley*—Chief Officer James Gurney of Owen Sound, Ont.; boson Earl Pryor of Trinity Bay, Nfld.; and Ron Nichols of Mount Pearl, Nfld.—used a rubber dingy to ferry the 28 survivors crew of the *Phoenix* to safety, the ocean at a time.

coached that the ones who let put themselves before their country," Markovic added. They took the wounded religious freedom in front after Bosnian towns that fell to Serbian or Croatian forces. A new class of struggles and black markets emerged with the Ministry of government officials, making for dangerous journeys through Serbian fire to haul back goods. They get rich in the process, and so do experts there to put hide away. "There are now some economic power bases in a criminal element that is used to prospering," said a top American military officer last week as he flew out of Sarajevo.

The Bosnian government has taken back for not releasing Serbia that they will be safe once Bosnian troops are allowed to take control of their cities in March. Last week, Bosnian President Alija Izetbegovic took a step in that direction by proposing to pass an amnesty for all but the war criminals among separatist Serbs. But few people expect it will be enough to end either there to stay under Bosnian rule. "An amnesty would be a good first sign of trust," granted Father Marjan in Tuzla. "But we are people who feel we need the war, and now we have to give to our enemies because the great pain has been engaged as a bitter peace." The fear to the end, Father Marjan said, does not end Orthodox Christmas Eve on Jan. 5 by drifting gunfire into the air throughout the night.

In Sarajevo this cold morning, dozens of Serbs bundled up in heavy coats and gathered under the night of those guns to attend Christmas mass in a deserted Orthodox church on Saper Alley. The Serbs made Sarajevo captured a difficult war-shield and under siege from their own ethnic brethren, branded traitors by separatist Serbs for staying in the city, regarded suspiciously by some government supporters as a possible fifth column. "Well, it was no worse for us than for anyone else," says Marjan. "We were left with a small of resistance." Outside, the church's two heavy bells are ringing in Christmas celebration, the snow drifting into the damp air of the unheated building. Dozens of yellow candles illuminate Marjan's breath in the cold air. Six in 45, and has sought solace during the dark of times by singing in four choirs, including a Croatian one. "While not happy during this war," she says, clatching a traditional ask left for Christmas. "Most," she says, "is what kept us from going crazy."

Tuzla—Bosnia, ignored—is it just on the map. This industrial city, a piece to the lack of recognition of the old Communist plans, suddenly finds itself playing host to a massive overseas deployment of American troops and all the media attention that goes with it. Tuzla Sarajevo, Tuzla was an extremely modest city before the war, and in 2000 it was offered their own tough design in the winter of 1994. But even though Tuzla was declared a safe area by the United Nations, it never received the international attention or sympathy that Sarajevo did.

No one in the West wants play, using saunas or made incomes about Tuzla. "Take a picture, take a picture," an American newspaper wants to be forgotten as they stand against a makeshift incinerator

Tuzla's rugged old town where 71 civilians were killed by rocket fire last May. Tuzla's citizens are welcomed troops for their part, although their feelings may shift at tonight's moment for Sarajevo. "We were cold and without power just like they were," says said Cyril Tuzla Trbojevic, 13. "But at least we didn't have nearly the same amount of shelling."

While the American soldiers here put Tuzla in the spotlight, few of them are getting much of a look around. They are considered in their muddy boots when they are not working, dashing the hopes of

Greeting American forces north of Tuzla: High hopes for the future



Businessmen had visions of profiting like the legendary Saigon madams

Tuzla's mayor and businessmen, who had visions of profiting like the legendary Saigon madams in the 1970s. Most of what the U.S. troops have seen so far has been limited to the football countryside as the road from Croatia, down a highway they have nicknamed Arsona for a tank of honor. The second Tuzla smells like a charcoal barbecue and the snow in the hills seems to fall already dry. "This looks just like the West Virginia country where I live," said one U.S. Army sergeant, pulling a photo of his home town out of his wallet. The way others would show off their wife or kids.

But the residents of Tuzla have high hopes for 1998. The US mission was greatly needed by the people. It has left to help "We have can't separate their emotions from reality," explains Trbojevic, who still works for the UN's civilian affairs branch. "They thought the US was here to bring the peace. They never really understood the mandate or the mission. And now they have even higher hopes for 1998."

Despite some recent sniping at the new lead in town from its own side, the American military reputation and power are getting restored. The British and French may meet at the struggle the U.S. Army had to put its attention beyond across the flooded Save River. The locals in Tuzla still at the way Americans reconnaissance Bosnian place means (even Admiral Lighter Smith, 1960's commander in chief, draws smiles by referring to Banja Luka—renowned Bosnia—as it were a stronger environment). And ongoing US soldiers' camp getting hit at the American's brutal readiness for combat

tion. But the worst factions have responded as directed, each one away from their front lines. And it was the US peacekeepers, after all, who kept getting little hostage by the Serbs.

In fact, danger seems remote in Tuzla this winter. On clear nights, business teenagers congregate in big groups outside cafes and discos, just as they did on a warm evening last May when two shells crashed into the old city. US experts concluded that the shells came from a Serbian position but could not have been intentionally aimed at the city square packed with kids that night. "Just bad luck," was how one US officer described it last week. The people of Tuzla are not so convinced. On a wall of the cafe, they have posted photos of the 71 victims, their ages written underneath—most at 10, 20, 30. The entire tale has not been passed over. People stop, pointing to the faces of those they know, some touching the pictures as they American families often carry the names of the dead on the Vietnam Veterans Memorial in Washington. The messages in the flowers that mark the spot are appeals for peace. "Peace, yes," said the teenager who had been among the photo. "But we will not forget what they did."

It is far too early to tell whether Bosnia is truly in a postwar period or if it is one more fall in the journey. "It's up to the parties to make peace," has been the 1995 mantra, its spokesman doing their best to raise expectations. U.S. President Bill Clinton visited his troops in Tuzla at the weekend, but he left at going to Sarajevo. The city's airport is still far from secure, as Serbian generals demonstrated by putting a few shots at French troops' planes.

But there are hopeful signs. Last week, Metropolitan Nikolic, the senior figure in Bosnia's Orthodox Church who is the Bosnian government regards as its witness, made a high-profile trip to Sarajevo from his base in Sokolac, a small Serbian town east of Tuzla and appealing for reconciliation. In his office in Tuzla, Father Marjan noted that not everyone leaving the suburb was burning their homes behind them. "They hope that when this end is over, they will be able to come back," he said.

Even in the rubble of Sarajevo, there are hints that the city's spirit was not extinguished. On Dec. 21, artists and city officials gathered in the waste and mortar of the library's shell for the unveiling of a large, colorful mosaic wall being donated by a Czech artist. Library director Ives Kogardic said the occasion to depict a book. Late one afternoon, a light was flicking light on the back streets of the old city. 15-year-old Dario Vucic sat at the piano his father gave him for his birthday a year ago, his fingers striking Mozart and Beethoven compositions out of the keys. He is a Croat, and his family fled the suburbs under Serbian threats, moving into a flat vacated by a family that had left Sarajevo. He attends music school seven miles by bus for his love of the art. "If I could play piano, I would play it every day," he says. "I would come home and play my piano." He says in a quiet voice. It is a sign of a boy and he owns both hands over his chest to make a point. "It made my heart beat like again." Serbian gunfire still cracked down the hills across the river. But as dusk fell in the old city, it was quietly drowned out by the sound of the musical clock to paper, and by the Mozart that floated down in the street from Vucic's third-floor apartment. □

THE GATORADE BRIGADE

The Canadian troops who went to war in the Persian Gulf in 1990 set up in this alcohol-free state of Qatar and quickly relieved their home camp Casado Dry Out. Back then, it was busy. The storming five years have not seen like to the morale of Canada's armed forces. No matter how many missions they roam around the globe, their image remains tarnished by the 1992 Somalia debacle, in which some members of the Canadian Airborne Regiment murdered a local teenager. Last week, the shadow of the Somalia affair fell over the

arms that. "The Americans, too, are banned from bases in Bosnia. But their structure has already created problems. US officers wearing dark camouflage in the field last week were confronted by a thrashy battle of socks. The Americans swallowed hard—and swallowed."

There was also some controversy about the rules of engagement, or ROE, issued to Canadian soldiers for the 1992 mission after weeks of examination by lawyers in conformity with the Charter of Rights and Freedoms, for instance, Canadians may not use deadly



Canadian soldiers deploying to Bosnia—and their hopes for some other cheer

Canadian breeding for Bosnia last week's grabbable

Anxious to avoid embarrassing incidents, Big-Gun, Bruce Jelenc, who commands the 1,000 Canadians who will serve at Northwest in Bosnia, made it clear that he would strictly control the alcohol flow no drinking, except in non-essential leave outside the country or "special occasions." "Those who would suggest that you're not to have alcohol to relax after a probably going to think again," says Jelenc. "Of all the situation is that stressful, frequent access to alcohol is the last thing you need."

Canadian military planners are calling the Bosnia mission Operation Alliance, but Jelenc has dubbed the troops based in the key town of Corbinia "Gatorade Brigade." His order was greeted with grumbling and resentment by most soldiers, who complained about being made to play for the children of Somalia. For his part, Jelenc said the Airborne's theme was only one contributing factor. Breaking, he said, "is a distraction and a source of disciplinary problems, and our track record in recent years con-

firm to defend properly in defending territory—different concepts—the soldiers will operate under acceptable principles of international law, including the right to self-defense and the use of maximum force when necessary."

Some military men wanted the Canadian troops will be embarrassed by following less robust rules of engagement than the British and Czech soldiers also serving under Jelenc's command. "There is always a magic game in international forces," says soldiers comparing their ROE, said MacKenzie, who was in command of Somalia. And MacKenzie was furious that the troops were given specific instructions not to abuse, torture or kill prisoners. That, he said, "is not what we want to see." But as the Somalia affair made clear, the Canadian military has to worry about that one in a thousand

B.M. with Lutz Fischer in Ottawa

Crisis over Chechnya

Rebels hold more than 100 hostages in a tense standoff



A woman captive waves a white scarf of surrounding Russian forces held for Yeltsin

Rebels held a small number of hostages—and they were angry. In a virtual replay of a massive hostage-taking incident in June, thousands of separatist fighters drove undetected across the steppe bordering their rebellious southern region of Chechnya during the early hours of Jan. 6. This time, the target for 200 members of the Lash Wali guerrilla group was Kizlyar, a town of 44,000 in the neighboring region of Dagestan, 300 km northwest of the Chechen capital of Grozny. Representing the tactics of the June attack in Budennovsk in southern Russia, the Chechen fighters seized up to 1,000 hostages and herded them into a local hospital, then released all but about 120 and entered tense negotiations over a withdrawal from Chechnya. By the weekend, the situation was poised on a knife-edge. Moscow set a Sunday morning deadline for the rebels to give up their remaining hostages, threatening lives of a bloody confrontation between the rebels and security forces raised around them.

For President Boris Yeltsin, facing a possible reelection campaign, the drama represented one of the biggest tests of his presidency. He was caught between two potentially conflicting objectives: saving the hostages and purchasing the peace. With public opinion running strongly against the

rebels, Yeltsin appeared to be leaning toward a forced solution. "Russia is in a crisis," he declared. "But those leaders have to be punished."

That statement reflected one hardening Russian attitude towards the rebels: Russia was in a bind for a G-7 conference, Prime Minister Viktor Chernomyrdin received widespread praise for allowing another rebel band safe passage home in return for freeing hostages they seized during the bloody raid on Budennovsk. But when the rebels asked that Chernomyrdin participate in talks this time, Moscow ignored the request.

The Chechens had already outraged Russians by causing 25 deaths as they took over Kizlyar. Yeltsin finally endorsed an agreement under which the guerrillas released some of their captives in exchange for bodies. The Chechens then removed them from the hospital to a canopy of 11 vehicles, protected by a human shield that included many women and children. According to Yeltsin, the Chechens were guaranteed safe passage only for the short journey to the Dagestan side of the Chechen border. Once there, he said, they had negotiated an agreement to release the remaining captives. Still Yeltsin: "If they free the hostages, events will

take our turn. If they do not free them, events will take a different turn."

Those cautious words presaged a tense confrontation as the canopy spread to a halt on the three-lane highway near the top border village of Pervomayskoye on Jan. 10. Shadowed by Russian tanks and backed by military helicopters overhead, the rebels split out of the buses to night fall and warned that they would start killing for hostages if Russian troops came within 100 metres. "We are not afraid to die," shouted Salim Rzaev, the bearded 25-year-old group leader who is the son-in-law of fugitive Chechen president Dzhokhar Dudayev. Across the country, Russians watched gripping television pictures of women captives waving white scarves from the windows of the stalled buses.

The rebels swiftly took over Pervomayskoye, dispersing their captives in houses vacated by fleeing inhabitants. The Russians responded by tightening a ring of steel around the village. Scores of tanks, troop carriers and howitzers surrounded Moscow's tough position in sporadic discussions with the guerrillas: no entry into Chechnya until all the hostages had been released. The rebels countered by asking for written guarantees of safe passage. They also demanded that they be accompanied by a human shield—including 20 police officers they took hostage on the way to the border. On Jan. 12, the rebels released 100 of their hostages, but no more. The next day, Russian authorities issued their last warning deadline.

Even before Yeltsin became the latest casualty of a conflict that has dragged on for 13 months, Yeltsin had acknowledged that going to war to keep Chechnya within Russia was the greatest mistake of his career. Many Russians want the shooting to stop. Yet they remain divided on the best course. A shrinking majority favor letting Chechnya go, that growing number, incensed by the rebels' increasing desperate tactics, endorse renewed military action.

With presidential elections looming in June, the war is a central issue in the campaign. Yeltsin is expected to declare in February whether he will run again. Although his recent hospitalization for heart problems cast doubt on his political future, he declared himself as "perfectly healthy" in Paris. Firmly declaring his own candidacy last week, far-right arch-nationalist Vladimir Zhirinovskiy urged Yeltsin to destroy the Chechen rebels with napalm. "If you don't," he said, "then you will lose the election and I will do it." With the rebels threatening to stage more terrorist attacks, Yeltsin's hours of remaining power could fall victim to a war that has already claimed almost 30,000 lives.

MALCOLM GARY in Moscow

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Change of style

A feisty new premier raises Japanese spirits with a promise of strong leadership

The terms "feisty" and "feisty" are rarely applied to a Japanese prime minister. Humble, reserved, cautious—and forgettable—have been the traits most noticeable in those governing a chastised postwar Japan. No longer. With the election last week of Ryutaro Hashimoto, 58, to lead the paramilitary Diet, Japan gained not only a new president, but also a new political style at a time when the country is banking on strong leadership. "For the Japanese, Hashimoto is what Jack Kennedy was to the United States," says Robert Orr, a Japan scholar at the Tokyo campus of Philadelphia's Temple University. Hashimoto replicated outgoing Socialist prime minister Toru Tanaka, 71, restoring the top job in the governing coalition to the conservative Liberal Democratic Party, which was forced by a corruption scandal to join with its chief rival in 1980 after decades of setbacks. The bushy-haired Maruyama, who resigned under pressure from leaders within his party after only 10 months, was widely seen as a relic of the past; Hashimoto may represent the style of Japan's future.

It is a welcome change for many Japanese, worn down by a four-year recession and a string of disasters including the Kobe earthquake a year ago and last spring's nerve gas attacks on the Tokyo subway. Surveys show more than 50 per cent of citizens favor the new prime minister, who is still viewed as a voice of stability after months when the United States in an echo tone dispute last June as trade minister. American negotiator Mickey Kantor had threatened to impose a 100 per cent duty on Japanese luxury cars unless Tokyo agreed to reduce its export quota to the United States. Hashimoto's decision to take the case to the World Trade Organization rather than give in to Washington played well to the public's mood of resentment against the American tactics. His assertive resistance to Kantor as "bolder than any with whom I once fought" was greeted with delight by the Japanese media. Says Orr: "He represents a younger generation of politicians and boasts a colorful personality."

Sometimes literally. Known for his often rockably hairstyle, Hashimoto once wore a hairgroom's haircut not to an informal busi-



Hashimoto in the Diet. A 'Japanese Kennedy'

ness meeting. His hobbies include mountain climbing, the bus twice tackled Everest, though not to the top, making the arduous model planes that crashed but hung near, and providing *Awado* (Japanese fencing) on the roof of the trade ministry.

But it is policy more than personality that distinguishes Hashimoto. Labeled a realist, that is, he advocates that Japan move on from its "mercantile state" approach to a more global political role. He has pushed for a permanent seat on the UN Security Council and wants Japan to take part in UN peace-keeping missions. He also advocates breaking away from dependency on the United States for markets and foreign policy guidance. Still, he supports the U.S.-Japan Security Treaty that keeps 65,000 American troops in the country. A few years ago, he raised tensions among Asian neighbors by expressing doubts that Japan's war in the Pacific constituted a "war of aggression." That he

signed Maruyama's intensely debated 50th anniversary apology for the war last August. Hashimoto's position at the top of the pro-conservative three-party alliance, which includes the Seishin and the small Seidokai party, will rest heavily on his strength to revitalize the Japanese economy. He will also be judged against his new role, the equally as-

sertive, opposition leader Kenji Gawa, who heads the New Frontier Party, a break-away faction of Hashimoto's LDP. Their first head-on clash will come with this winter's budget debate, which many analysts believe will lead directly to the campaign trail. And critics fear the prime minister's move to a new party without an election, Gawa is demanding new polls, although few think more could wait as long as July, 1997. "However hard he tries, there will be a general election by this fall at the latest," reckons Japanese economist political consultant Masaru Tada. "We are going to see new divisions and collaborations in Japan's complex world."

Even if Hashimoto's term is short-lived, it is viewed by many outsiders as a key transitional period. Neil Menzies, executive director of the Canadian Chamber of Commerce in Japan, says Canada is anxious that Hashimoto "year us reform and deregulation, such as lowering trade barriers." Canadian exports to Japan, up 15 per cent in 1994, are rising faster as fast as imports, although Canada still suffers a trade deficit. But Hashimoto has been less aggressive on economic deregulation than on foreign-policy issues, largely due to his close links with the country's powerful bureaucracy. "He belongs to the school of thought that sees Japan's industrial success as the result of the strong role the state has always had in the economy," says Orr. "That is the Asian way of development and Hashimoto will stand up for his idea."

Still, foreign diplomats and locals alike see Japan's new prime minister as a dynamic personality who is bound to bring a new energy to politics—as long as he remains insulated by the scandals that have dogged the LDP leadership. "I am not sure whether Hashimoto is a clean politician or not," says Yukio Nakayama, 47, a Tokyo computer software designer. "But right now he is a welcome release from our tradition of faceless leaders."

SEVENDRINI KARUCHI in Tokyo

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What Matters to Canadians

Riddle of the Sphinx

Enigmatic François Mitterrand helped unite Europe

In the end, his skin was pulled tight over his bones in a wicker mask. And to some it seemed that his long hair, with its protean coyness had belied the essential inevitability of a man whom opponents had once dubbed the Sphinx. For 36 of his 39 years, François Mitterrand Marie Mitterrand had labored at the center stage of French politics—for the last 16 of them as its largest-serving president of the Fifth Republic, but when he died last week of his own choice—by deliberately slogging his anti-cancer drugs, according to friends—he left the spotlight much as he had arrived: still an enigma to both his countrymen and the world.

Even Mitterrand's burial warranted up the contradictions of his life. Often accused of arrogance and imperial aims, he had spurned a state funeral. Instead, while 1,300 dignitaries—including Canadian Gov. Gen. Roméo LeBlanc and an emotional, French Castro—gathered to pay tribute to him in Paris's Notre-Dame Cathedral, he was laid to rest in the tiny churchyard of Jernac, his native village in rural Cognac region, in a private ceremony he had choreographed. Behind the coffin walked his wife of 51 years, Bernadette, and their two grown sons, followed by his longtime children, art historian Anne Pingeot, and their illegitimate daughter Maureen, 21, whom he had publicly acknowledged only three months ago. That gesture had followed another shocker in late 1994, he revealed the extent of his early support for the Nazi-backed wartime government of Marshal Philippe Pétain before his election to the French presidency. "He's the last major public figure of that wartime generation whose loss has been marked by the absence of solid ground," says Tanya Toffel, writer John Reider told. "And in a way the Mitterrand you get this astonishing complexity."

In one of the dozen books he authored, Mitterrand once wrote that "history is the only important thing." He seemed determined to help shape his place in it. But last week, pen pals struggled to pin down what he had believed in a career often characterized by such adjectives as Machiavellian and opportunistic. In France, where he had almost singlehandedly built the Socialist party into the country's leading political force, he had also presided over its run as he stepped down, succeeded by his longtime rival Jacques Chirac. Chirac had just, he left the country's chief institutions once more in the hands of conservative forces.

But on the larger continental stage, his



The late president's 'history is the only important thing'

legacy is indisputable. Forging an unlikely alliance with conservative German Chancellor Helmut Kohl, who went openly at his funeral, Mitterrand led the way in building a union of Europe. In the process, he pitted himself against British Prime Minister Margaret Thatcher, who made no secret of his antipathy. "His place in history is clear," says Saul. "On his shoulders I'd put Europe."

Before leaving for India last week, Prime Minister Jean Chirac then launched that "Canada has lost a friend." But when Mitterrand came to power in May 1981, the government of Pierre Trudeau was apoplectic. The treasury of Charles de Gaulle's province, 1967 proclamation, "I'm Le Québec blanc," said Mitterrand. As newly appointed Canadian ambassador Michel

Dupuy arrived to present his credentials, "his people knew exactly where Mitterrand stood about Canada," recalls Dupuy, now Clinton's heritage minister. "But he told me, 'Ambassadeur, I can assure you that as long as I'm here, there will not be any major treaty between Canada and the ministers against Canada.' And I must say, he was true to his word."

In fact, when Mitterrand joined the country in 1987, he took much pains not to offend that same Quebecers were upset because he had never uttered the word Québec. Finally, before a crowd that included former premier Jean Lesage, he rectified the omission with trademark ambiguity. "I say the word Québec," he intoned, "with love, respect and hope." Mitterrand never explained why he chose not to play the separatist card. But his first foreign minister, Charles Fassinou, concluded that he valued Ottawa's periodic defiance of the United States. "If this disappeared," he told Dupuy, "we would not lose as much interest in Canada."

For Mitterrand, Ronald Reagan's Washington was the enemy. Appointed that the French president had included the Communist in his cabinet. Reagan pulled out all the stops to thwart socialist policies, which included neutralizing the country's banks. By 1983, Mitterrand was forced to abandon his program.

To other politicians, that defeat might have been shattering. But Mitterrand had little in common. In economics, like Trudeau, he saw the world in the numbers of literature, not ideology. Presenting his ambassadorial credentials in 1985, Lucien Bouchard was charmed when the Quebecer president suddenly observed, "In truth, we never come from anywhere except the land of our childhood." And it was to that landscape Mitterrand consistently returned—cramping the balls of the cowboy state where he grew up as a statesman's son. Indeed, in a nation that has never come to grips with its western legions, the secret of Mitterrand's ambivalent biculturalism laid on France may be in the fact that his connections mirrored those of his country.

MARK McDONALD

World NOTES

DEPORTING A DISSIDENT

Britain ordered the deportation of a Saudi pro-democracy activist who had become a thorn in ministers' sides with Riyadh. Mohammed Alwan, 48, who leads a group banned in Saudi Arabia, is appealing the directive, which would deport him to the island of Dominica. The dissident had angered British traders and Saudi leaders by lobbying around the world for electoral reform in the Saudi kingdom.

A PEACE VISIT

Thousands of Israelis welcomed Jordan's King Hussein on a one-day visit to Tel Aviv to attend the opening of a hospital inaugurated after slain Israeli leader Yitzhak Rabin. But some Palestinians expressed anger that Hussein traveled to Israel before visiting the newly autonomous parts of the West Bank, which was ruled by Jordan before Israel captured it in 1967.

ITALY LOSES A LEADER

Amid wrangling over political reform, Italian Prime Minister Lamberto Dini resigned, opening the way for a quick election or formation of a new government. By resigning, Dini kept open his chances of leading a more broadly based coalition, which may be named by President Oscar Luigi Scalfaro. Alternatively, Scalfaro could call elections three years early.

INDIA MOVES TO SAVE GIRLS

In an effort to stem the widespread practice of abducting females, the Indian government passed a law banning the formation of wedding parties between friends or doctors face fines up to five years in jail. Scores of unmarried couples have sprung up in Indian cities in recent years to determine the sex of unborn children, and in many cases arrange abortions. They believe there is a male child as essential to a family's financial security.

ZAIRE AIR TRAGEDY

An international air group said 350 dead and 400 were injured when a Russian-built passenger plane plowed into a crowded market in Kinshasa, Zaire, early on Jan. 9. The crash, still under investigation, was the 10th worst in history.

HELL IS BACK

The Church of England says hell exists, but as a state of "total rebellion" rather than a fiery torture chamber. In a new report on 16th-century Anglican leaders' attitudes, the church said hell was a final judgment after death, leading to a soul's redemption. They rejected the medieval nonjudgmental approach to the hereafter, saying the church should focus on good and evil.



Shedding on Capitol Hill in a snowbound Washington: budget trouble, too

Stormy days for Americans

A ferocious storm lashed the snow-covered United States, killing 15 people and leaving millions unable to leave their homes. In Washington, D.C., and Philadelphia, were among cities paralyzed for up to a week by the worst blizzard on the Atlantic Seaboard in 70 years. Schools and offices shut down and tens of thousands of travelers were stranded at 30 U.S. airports. Most of the deaths were caused by traffic accidents or heart attacks due to shivering snow—on some areas 30 cm deep. A second snowstorm caused more disruption late in the week, but packed much less punch. Canada escaped largely unscathed; the main storm touched only Newfoundland, and melted before it.

In Washington, the big blizzard forced a two-day extension to 25-day shutdown of federal offices that was about to be lifted, thanks to a temporary budget accord between Congress and the White House. But despite the mid-week reopening of key parts of the government, President Bill Clinton and House Speaker Newt Gingrich were no closer to locking their statements over deficit reduction. Republican Gingrich predicted that the battle would continue until the November presidential election, Democrat Clinton

agreed that the campaign could become the forum to debate deep ideological differences over how to achieve a balanced budget by 2002. Clinton favors smaller tax cuts and less decentralization of government.

Heat on Hillary

U.S. First Lady Hillary Clinton came under renewed scrutiny after documents surfaced that raise questions about her role in the so-called Whitewater scandal and in the 1993 firing of seven people from the White House travel office. An aide to the Clintons denied both of records sought for two years by a congressional inquiry into Whitewater, involving the collapse of an Arkansas energy and loan administration run by a third of the couple. Their records indicated that Hillary spent more time as a lawyer on the case than she had previously reported. Meanwhile, a source from a former White House aide blamed Hillary for the travel-office purge, which she has denied ordering. The scrutiny reflected that his wife would do "whatever is necessary" to clarify her actions. He also confirmed that his family's personal finances are in crisis due to legal fees from Whitewater and a second houseboat sale.

SQUEEZING THE BLES

Discount dealers and record clubs put the squeeze on music retailers

BY JENNIFER WELLS

Dennis Schwartz knew the call was coming. Still, it is tough to pick up the phone when a bankruptcy trustee is on the line. It was 6 p.m. on Friday, Jan. 5. The ringing discussion was brief. A representative of KPMG Peat Marwick Thorne was on his way to shut down Schwartz's seven A&A Record stores in southern Ontario. On Saturday morning, Schwartz headed over to the A&A store in Burlington, the one he opened in the summer of 1995—the one he no longer had access to. He sat outside the store for two hours. "It was like going to a cemetery," he says. "I knew it was dead, but I needed to watch it."

Schwartz, who calls himself "a little independent, but not one-eyed about anyway," is the latest victim in a music retailing slide-down that participants say will close others. It is a given that Christmas sales this past season were dreadful. A&A's revenues fell 30 per cent compared with December, 1994, says Schwartz. But the record business has it as still known, even though it is now discredited by compact disc had been a growth in steady and last month. The bigger story is that the relentless march of the major record chains and deep-discounters like Future Shop, combined with a new superstoreman, has produced the toughest fight for the \$1.6-billion record retail market the country has ever seen. Dennis Schwartz's business got squeezed until it stopped squealing altogether. Says Bob Davidson, senior vice-president at KPMG: "The company was well managed, [but] the economics are just not right for stores of that size to go against the Sams, the HMVs."

"Sam" is Sam Seiderman, the Toronto-based record mogul who has been in the business since 1961. Today, Sam's Record Music has 98 stores across the country, 71 of

which are wholly owned by the company. Sam used to compete with the Sams of A&A and the defunct Thelus data. Now the company's flagship store on Toronto's Yonge Street does battle with HMV, part of the London-based Thorn 136 empire, and Future Shop, the Vancouver-based chain that a year ago started pushing CDs in addition to computers and consumer electronics.

There are rumors that Richard Reinson's UK-based Virgin co. plan to open a Virgin Megastore in Toronto for a Virgin Megastore site. A 44,000-square-foot Virgin Megastore is scheduled to open in Vancouver later this year. And this week, Tower Records, the Sacramento, Calif.-based chain, will throw a Cajon-valley bash to celebrate its upcoming new location, 20,500-square-foot Yonge Street store.

Sam claims to be unbothered. "Rene Selman is a good friend of mine," he says of Tower's owner, who has been in the business almost as long as Sam. "We have a standing pig between the two of us. He says when he can finally tell me off, he will be No. 1 in the world. Because I don't intend on dying. Rene isn't going to be No. 1 for a long time."

But Sam the Record Man is not No. 1 in Canada, either. The top-selling record retailer in the country is HMV. Stuart McAllister, the London-based CEO of the HMV Group worldwide, says his Canadian sales last year were \$295 million. A&A McAllister reports that HMV has yet to make a profit here, as in North America, and he responds with "The only person I know who has ever said that is Sam Seiderman."

McAllister will not break out Canadian or North American earnings, but operating prof-



it for the 1995 fiscal year was approximately \$38 million on \$1 billion in revenue in the last fiscal year, which ended on March 30, 1995, he says, in "the most profitable record retailer in the country." McAllister cannot really know that, but Sam's old friend Selman, HMV's recent competitor, owned by Pindell Records of Toronto, says privately held and does not report on their financial performance. And the set of numbers inflation does seem to be projected widely in the industry. Still, Sam is the trade balance this time, has nearly 30 per cent of the market. Nobody at Sam's, with sales of approximately

Loose. Sam and James Seiderman: advantage music, a selection of reggae

by \$140 million, believes HMV. "It's just bying," says James Seiderman, Sam's 36-year-old former record store boy who has been with the Record Man since 1982.

Alongside cousin Lana, daughter of Sam's brother Sid, James Seiderman is trying to keep the chain's 36-year-old father built from becoming an underdog. He started at Sam the Record Man three years ago as a retail computer games and other software. He talks about Web Surfer pages. "You know what?" says Sam. "I don't know what the hell he's talking about." In unadorned construction boots and light black pants, James is a sharp generational contrast to Sam, who flicks the Sam's shopping experience to wearing wide slippers and a suit sweater.

At one in Sam's, in this arena, a momentary remark. He believes the competitor's bells and whistles—large-scale video screens, for example—do not matter a whit. But then, as James says, Sam thought the video business would never take off. Neither does.

Sam and James direct their ire at HMV. "They were totally reckless in some of their policies," says James. He says that HMV is predatory in its buying deals, contracting with local managers to preclude the entry of other record retailers and the expansion of existing ones. "Their secreted early policy put the Canadian companies out of business," he says, knowing the original A&A,

which had about 180 stores when it went belly up in 1982, and Discos. Cousin McAllister: "When we arrived, Sam had been Mr. Music in Canada for 40 years. I think he took it personally. We respect him as a competitor, but we certainly don't respect him."

While Sam's and HMV's focus have been on each other, together they, and all the other retailers, have another problem—the record clubs. Record clubs were once the mainstay of the hard Johnny Martin has nothing but copies of Chanson Ave. They were common by the record companies, who use the clubs to eliminate any of capturing a secondary, counterbalancing public. Then, the clubs changed their tactics, with heavy advertising that has successfully captured young, urban consumers, the primary market for the retailers. Industry estimates give the two record clubs together—BMG Direct, owned by Bertelsmann AG of Germany, and Columbia House, owned by Sony Music and Time Warner—45 per cent of the market. And that makes retailers agitated.

"They're giving us product away," groans Tim Baker, a record buyer for Sam's Records in Toronto. "They're buying as many discs as anyone." And, he adds, harking the artists' song. "Ten for a penny," he says, echoing HMV's introductory offer. "What's the royalty rate on a penny?"

One Canadian distributor, MCA Music

Entertainment, has struck back. Last fall, MCA did cut its new music distribution contract with either record club. For the consumer, that means that such artists as Rush, McEwen, Liza Minnelli and The Tragically Hip are unavailable through the clubs. Ross Reynolds, president of MCA Music, says he has nothing against the clubs. But the distribution deals were not lucrative enough to justify the sales that were being displaced from the higher-profit retail market. The clubs, he says, "appear to be the largest supplier of records in Canada."

The latest numbers for distributors such as Sony Music and Warner Music, which are combined with the clubs, don't say much more to consumers. The CDs are virtually identical to what retailers sell. The clubs contract on the manufacturing of CDs, but Reynolds says the quality is as good. The only drawback is the six-month three-month delay between a record's release through stores and through the clubs.

Sam Seiderman, president of Warner Music Canada in Toronto, has been in the business for 44 years. He says that as the retail club has been closed into so many pieces, the retailers have had to cut prices to attract volume. Profit margins before overhead of as much as 40 per cent five years ago are probably closer to 25 per cent today. Schwartz, a small-volume retailer, says that after paying buyers, could not cut any profit at all.

Bob Smith, executive vice-president at Pindell Records, predicts more casualties. "There is no such competition," he says, citing the pricing policies of the deep-discounters who sell CDs, or even better, cost. So what? Music, national sales manager for Select Distribution, a Montreal-based record distributor, says distributors that advertise top-selling CDs at cut-throat prices create the false impression in customers' minds that all discs sell at, or even below, cost. "They'll be in the local store and find a \$1.99 dollar difference," he says. Faced with higher-than-expected prices, customers balk.

Brian Robertson, president of the Canadian Recording Industry Association, which represents record distributors, is making the case for some change. He points to MCA in the United States, which gives consumer users 20-second music samples on the Internet, and the option of ordering the right act directly. That's fine for consumers, but as Robertson says, the industry is trying to figure out how to reach an older market. CMA, in working with Bell Canada on a nationwide music sampling system, though MCA, offering will not be offered.

McAllister believes that shopping the retail market is actually buying something. "They're giving us product away," groans Tim Baker, a record buyer for Sam's Records in Toronto. "They're buying as many discs as anyone." And, he adds, harking the artists' song. "Ten for a penny," he says, echoing HMV's introductory offer. "What's the royalty rate on a penny?"

One Canadian distributor, MCA Music

PHOTO BY JENNIFER WELLS



Starbucks stores at Vancouver's Jassy Towers and high prices

BUSINESS

Warring over coffee

Starbucks prepares to invade a large, lucrative market

The staff is busy and the seats are nearly full at the Starbucks Coffee outlet on Toronto's Danforth Avenue, even though the windows are still papered over and a "Help Wanted" sign is taped to the front door. On a chilly midweek morning, the American—employees who serve the public—are going through a three-minute refresher for the Seattle-based company's all-new opening of five new Starbucks stores on Jan. 26. And the clientele are a disorienting lot. A mother with a stroller orders a tall, no-fat cappuccino. A man with his morning paper calls for a tall latte, no-fat. And a third customer wants a large, no-fat, one-shot latte. Welcome to the world of gourmet coffee shops, a milieu in which the traditional cup of joe—same size, one flavor (usually blend), served black with cream and sugar on the side—is a thing of the past.

But for all the fancy beans and high prices—coffee prices at the Starbucks menu range from \$1.35 to \$2.75—the company's Toronto debut is a story of good, old-fashioned competition. Aggressive and rapidly growing, Starbucks is invading a large, lucrative market that is already well-served by independent and chain-owned gourmet coffee shops including Second Cup Coffee Co. of Toronto, which has 225 Canadian stores, and Thrifty's Coffee of the World, also based in Toronto, with 70 locations in Canada and the United States. With more than 700 stores, including 80 in British Columbia, and 250 sales

of \$600 million, Starbucks is the largest specialty coffee retailer in North America, and the company hopes to have 2,000 outlets by the year 2000. Still, executives at all three chains insist that the market is big enough for everyone. "Our intent is to try to spread the market," says Starbucks chairman Howard Schultz. "We will be trying to convince people, even at a time, that we have something different to offer."

What Starbucks offers, besides coffee and coffee-based drinks, is ambience and experience. Founded in Seattle in 1971, the company initially sold high-quality coffee beans from an gourmet farmers market. It began to grow rapidly in the late 1980s after Schultz returned from a trip to Italy with the idea of bringing the warmth and intimacy of first country's espresso bars to the United States. That approach is evident from the decor—wood, earthy colors, high-quality wood trim and soft lighting—that characterizes many of the company's stores. "We have a passionate commitment to creating a wonderful place for people to come to," says Schultz. "People will come just for the environment in our stores."

However, the unadorned sign not only recognizes many of the items on the menu Starbucks still sells cups of standard brewed coffee, but the consistency of its product line is impressive, the strong, intensely black, often bitter coffee that many Europeans drink from cups that look like oversized teacups. Blended with steamed and flavored milk, it

produces café lattes, steamed milk, whipped cream and cocoa powder concoctions it calls café mochas. One of the most-listed items is a House of Espresso cold drink called a frappuccino, a concoction resembling a coffee milkshake, which the company has developed and patented. But as Canadian vice-president Ruby Morris points out, the menu is merely a guide. "I can't even tell you the total number of products we offer because people customize their beverages," he says.

As Starbucks prepares for its Toronto invasion, executives at Second Cup and Thrifty's insist they are concentrating on their own customers. Second Cup president Alvin McDewen says his company, with 100 outlets in the city and total 285 chain-wide sales at almost \$81 million, is the dominant player in the Toronto market. Besides street-level stores, the Second Cup runs takeout coffee bars in customer stations, hospitals and shopping malls, which are viewed as non-competitive markets. "We're growing rapidly in Toronto," says McDewen. "So irrespective of whether they have 12 or 25 stores here, they're not going to be a large factor." But for all the talk about friendly competition, the two companies used each other in 1992, eventually settling out of court, over store designs in Vancouver.

For Thrifty's, the key to surviving and growing remains the standard cup of fresh brewed coffee. Roberto McManis, president of the privately held company which does not release sales figures, says that brewed coffee remains the mainstay of the Toronto market. He adds that Starbucks' espresso-based product could be a short-lived novelty. "It's a different offering," he says. "It will be interesting to see how they respond."

While the specialty coffee stores inevitably compete against one another, company executives insist that they have grown mainly by luring consumers away from supermarket coffee. They contend that they produce a wider cup of coffee by purchasing high-quality coffee beans, usually straight from the growers, and by imposing tight controls on the transportation, handling and processing of the beans. "Once people taste good coffee, their consumption usually goes way up," says McDewen. "It's a pleasure to drink."

As the field becomes more crowded, however, the coffee chains are being forced to fight harder for the right to deliver that crystalline experience.

DAVID JENSEN

An expensive option

Trading in derivatives claims a credit union

During the 34 years that Ramon Kaysra managed the Ukrainian Credit Union in Thunder Bay, Ont., the enterprise prospered. But with major banks consistently introducing new services, Kaysra wanted to raise more cash to help his first company. In 1991, he teamed up with Walter Zarewsky, an aggressive young broker in the local branch of Toronto-based Nesbitt Burns Inc. Together, they raised the door in the volatile world of derivatives trading, where exotic financial products with names like "inverse floater" and "twilio caps" allow investors to gamble on the future value

of commodities. Indeed, Nesbitt Burns, which has provided a vigorous defense against the suit, named the 30-year-old broker as one of its top investment advisers in Thunder Bay in 1994. And Anthony Bialle, the brokerage's deputy chairman, says he stands behind Zarewsky. He adds that it is up to the purchaser to use options properly. "We acted in an appropriate fashion," said Bialle. During the same period, two other credit unions in Thunder Bay lost millions of dollars following a similar strategy with Nesbitt.

The credit union's collapse was yet another reminder of the derivative market's volatility.



Photo by Mike Smith



Nesbitt Burns office in Toronto. Bialle (left) visible

of stocks, bonds and interest rates. Unfortunately, they gambled wrong on dozens of bond options, costing the credit union \$8 million and forcing it into bankruptcy in June, 1994. Now the Deposit Insurance Corp. of Ontario (DICO) is suing Nesbitt, Zarewsky and Gregory Phil, the firm's Thunder Bay branch manager. In the 1992, according to the brokerage's management, Kaysra, meanwhile, says he felt devastated. "When something you have built up is ripped away, it is like losing a child."

The credit union's 1,200 depositors were protected by the insurance fund, so no one lost any money. But DICO president Andy Popowicz says a second suit, also aimed at recouping the \$8 million, has been launched against Kaysra and the other directors of the credit union. A statement of claim filed by DICO in Ontario Court's General Division says that Zarewsky set up a margin account that allowed the credit union to purchase bond options. When the investments turned sour, Popowicz said, Zarewsky and Kaysra kept "increasing their activity in the market and the whole thing got away from them."

Even as the losses mounted, however, Zarewsky was earning thousands of dollars

on years in prison for his part in a derivatives suit that led to the collapse of the 225-year-old bank. In Canada, financial institutions have billions outstanding at derivatives. But many analysts believe that shareholders in such companies should be warned about how much they could potentially lose on these investments. Said Ivo Drabos, president of Algonquin Inc., a Toronto-based firm that trades derivatives: "The credit union should have clearly disclosed to its shareholders what the risk exposure was."

Kaysra, 41, who is married with three children, has never lost standing in the city's Ukrainian community and now merely attends the church at which he is an officer. "I'm staying out of the limelight," is the nearby world of derivatives, derivatives, as well as futures, one disappears overnight.

TOM FENNEL

Direct Mail

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world, Soho is now a popular acronym for
small office/home office—one of the
fastest growing segments of the economy.
In 1995, according to a recent market re-
search study for Zurich Canada, there were
145 million home-based businesses
across the country. Retail insurance ex-
perts claim that by the year 2000 as many as 40
per cent of North American households
will contain at least one person who oper-
ates a business from home, up from 15
per cent now.

The explosion in home-based business
is partly born of neces-
sity: in an era when large
corporations are fixated
with downsizing, launch-
ing a small business is
often the best alternative
to unemployment. But
technology has also liber-
ated small entrepreneurs
to an extent unimaginable
a generation ago. Com-
puters, fax machines and
interactive home features
now allow people to do
things at home that in the past would have
required the resources of a large office.

The next frontier, for a growing num-
ber of self-employed people, is the Internet.
Perhaps because every brand of hype
generates its own backlash, it's become
fashionable recently to question whether
the Internet will ever really succeed as a
place to do business. But there's some-
thing surreal about that debate, because
in many fields the Net has already
opened up new opportunities. And as an
increasing number of worldwide entrepre-
neurs are discovering, it is also rapidly
driving down the cost of launching a
home-based business.

Pete Dixon's experience is a good illus-
tration. Last August, the 32-year-old com-
puter consultant from Kitchener, Ont.,
spent several frustrating hours helping
his younger brother, a community college
student, find an apartment in nearby Lon-
don. "I found me all that time but I kept
searching through the papers and driving
around to student housing centres," he re-
calls. "I knew it didn't have to be that way."
Five months later, Dixon is about to



BY ROSS LAVER

PERSONAL BUSINESS

launch his digital-age
alternative: a life on
the Internet's World
Wide Web that will
enable students at 59
Canadian universities
to hunt for housing
on line. Dixon's plan
is to allow students to
find a room in the service, while cheap-
ening landlords for listings. In five years, Inter-
net SOCR (Student Off Campus Rental) is a
1996a version of the classified ad sec-
tion. But the Web makes it possible to
search for listings by price range, number
of bedrooms, proximity to public trans-
it and so on—ways down to whether the
landlord allows pets. The results appear
on the screen within seconds, and the ser-
vice is accessible from any Internet-linked
computer anywhere on the planet. If the
idea takes off, Dixon intends to expand
across North America.

What's most fascinating
about all of this is how lit-
tle it has cost Dixon to get
his business running. For
competitive reasons, he
won't discuss actual num-
bers. But it's certainly a
fraction of the cost, say, of
a desktop franchise. In-
cluding the purchase of a
computer and software, a
modestly attractive Web
site might cost \$5,000 to
\$6,000, after tax, exper-
tise tend to depend on the amount of traffic.

Dixon plans to use several other technol-
ogical tricks to build down costs. Land-
lords who want to place an ad will be able
to call a 1-800 number and be connected
with a computer that uses the latest voice-
recognition software. Based on the caller's
area code and exchange, the computer
will draw up a page number in the sec-
ond available representative of Dixon's
service (he's hiring students on a commis-
sion basis, after interviewing three can-
didates). The local top will then phone the
landlord, take down the information and
enter it into a computer. When the land-
lord wishes to contact the site, visitors are
\$60 a month—he or she need only phone
the main number again and punch in a
special code. "Everything's so automated,
we're actually wondering if we need any-
one in the office," says Dixon.

Dixon's idea's right: having reduced a
couple of people to help him with his new
enterprise, Dixon figures he's finally over-
grown the small home office from which
he has worked for the past 2½ years. He
moves into his new quarters this week.

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Business NOISE

The channel scramble

As the Canadian Radio-television and Telecommunications Commission deadline for submissions loomed, would-be broadcast barons raced to put the finishing touches on proposals for new specialty television channels.

In all, the CRTC appeared likely to receive more than 30 proposals, ranging from a science fiction channel to an all-sports network. The competition is so heated that one group, whose intention is to launch a second history channel, deferred its application with a last-minute twist.

Just about every type of television programming imaginable will be before the CRTC, which has not decided how many new licenses it will issue. The Canadian Broadcasting Corp. and Southern Inc. are proposing a *Headline News Channel*, while Horco, a consortium of Ontario's home-casting industry, wants to broadcast races on *The Horse*.

Network. The Asian Television Network would be a multiplatform service aimed at Canadian of South Asian origin. And CH96 Ltd. vice-president Mervyn Zaitsev said his company is seeking niche new licenses, including an adult music channel.

The winners will not begin broadcasting until late 1997. But earlier in the past, when many specialty channels were partly subsidised by cable revenues, the CRTC has made it clear that the new services will have to make it on their own.

By the time the new programming is available, new cable technology should allow cable subscribers to pick and choose among the new channels they wish to watch and pay for.

"There is not going to be in-depth slotting or dumping of new services into existing packages and raising the prices over a little bit," said Harris Boyd, vice-president of the Canadian Cable Television Association.

- Global Strategy's \$300-million World Emerging Companies Fund scored by 32.6 per cent. The year-end fund, which invests in small companies in developed markets and big companies in emerging markets, is run by three overseas investors.
- Toronto-Dominion Bank's \$111-million Green Leaf Science and Technology Fund, which is weighted towards U.S. technology stocks, was No. 1 with a 31.1-per-cent return. In 1994, the fund earned a 35.2-per-cent jump.

'Witch-hunt'

Flamboyant Calgary businessman Larry Rychman said that a hearing into his stock-trading practices is a "witch-hunt." Rychman, who owns the Calgary Stampede football team, decried 34 trading accounts in *Wheat* group's *Wheat* magazine. A lawyer representing the Alberta Securities Commission in 1992, when he allegedly engaged in "cash trades," buying and selling shares to create a false market. Rychman refused to attend the Calgary hearing. If found guilty, he could be banned for life from trading on the Alberta Stock Exchange.

JUDGE RATIFIES TV DEAL

A Quebec court has ruled that CRTC Inc. does not have to hold a special shareholders' meeting to ratify a decision to swap its cable assets for a stake in Montreal broadcaster Télé-Montreal Inc. The \$720-million deal will make Montreal-based CRTC the largest private broadcaster in Quebec. The deal had been approved by Cogeco Cable Inc. of Montreal, which was attempting to take over CRTC.

OTTAWA PROBES AIR DEAL

The Export Development Corp. plans to investigate allegations that Boeing Co. and Babcock & Wilcox duped the Crown-owned agency in a bribery scheme to secure the sale of five de Havilland aircraft in 1980. The allegations are part of a \$1.2-billion suit launched by St. John's, Nfld., businessman Doug Dobbin in Montreal. The documents claim Boeing bribed Babcock & Wilcox officials, and convinced the EDC to approve a proposed loan to Dobbin's firm, Avco International Limited. Avco had hoped to purchase the planes and lease them to Babcock & Wilcox during the negotiations.

APPLE TURNING SOUR

Apple Computer Inc. of Cupertino, Calif., is considering to surrender market share and expects to lose \$80 million in the first quarter of 1996—according to speculation that the firm may soon be taken over by a rival. Analysts say that Apple's costs are too high. The pioneering computer company has announced that it may cut its payroll by 4,000 of its 16,000 workers in 1996.

NEW GIANT IN OIL PATCH

Alberta Energy Co. of Calgary acquired 61 per cent of Toronto-based Conquest Exploration Co. shares in a paid deal of \$912 million, making it one of the largest oil-and-natural gas companies in Canada. Alberta Energy president Gary Morgan said the company will spend nearly \$400 million over the next three years on a major exploration program in which the company will drill more than 300 wells.

BARNET'S FACES BANKRUPTCY

Barnet's Inc., an upscale New York City-based fashion and specialty store chain, filed for bankruptcy protection after it was unable to pay for an ambitious expansion program. It underwent last year. The firm, which began as a multi-brand store 70 years ago, manufactured into a 14-store chain that catered to well-heeled patrons who were able to afford the chain's lofty prices. But Barnet's now is too insolvent that it was unable to repay loans. The firm, whose retail chain had franchised the expansion,

THE NATION'S BUSINESS



Will the PM face a caucus challenge?

BY PETER C. NEWMAN

The two-day federal Liberal caucus being held in Vancouver at month's end could turn into a highly significant showdown between the premier, Jean Chrétien, and his increasingly dissatisfied party faithful.

The official agenda of the closed-door meetings calls for MPs and senators to use the opportunity to get an initial—and confidential—reading on Prime Minister's March budget, and to make political representations to the finance minister on items they would like to see emphasized or dropped in that certain-to-be-contentious document. Since most caucus members agree with the direction of Martin's initiatives, this won't be a sunny session.

Also on the agenda will be a discussion of whether Jean Chrétien should propose the Commons and begin a new session with a speech from the throne now or in the spring, or continue the current Parliament and pass its proposed legislation. The issue of Commons is currently set to reconvene after a seven-week break on Feb. 6 to the end of January in Chrétien's last chance to decide on prorogation. At the moment, there are major struggles going on in the PMO and PMO staff to ensure the timing of Commons. There has been dissent, because no one seems to know what to get in it. (One alternative being discussed is to postpone the new session until after Easter, which would allow Parliament to deal with most of the business currently on the order paper including the government's proposals to extend constitutional vetoes to various provinces and regions.)

Much more controversial will be questions about the PM's handling of last fall's re-election campaign, and the subsequent decision of his credibility and authority in the caucus. At the same time, frustrated Liberals plan to demand that their leader come up with a viable national anti-progressive "if you were to ask me about our plan."

The unity crisis has made it obvious that Jean Chrétien, both charming and superficial, is best described in the phrase: Deep down, he's shallow

When we're dealing with Quebec, I'd tell you there's never been," one senior caucus member told me last week. "I couldn't tell you where we're heading. It's obvious that the PM has not recovered his energy on this issue." In that context, many in a government euphoric for self-congratulation, which Chrétien led last Oct. 30.

Another topic high on the agendas of some of the more rabidly conservative caucus members is the argument for Chrétien to change his closest advisers, whose motto seems to be to maintain themselves aloof from any contact with real life and people with real problems. Sure to be discussed will be the cabinet shuffle now expected to take place the week before the Vancouver meeting. The role of British Columbia's opposition is expected to be strengthened by the appointment of an extra minister, probably Dr. Bedy Fry, who holds Kim Campbell's former downstate Vancouver seat, to health and welfare.

Yet another urgent agenda item will be the recruitment of credible liberal representation in Quebec, since Lucienne Robitaille, brought into cabinet after a February 1995, reelection to handle relations with Quebec City, has

proved to be a bust. And Patricia Allaire, Minister of the Environment, is a no-show. Daniel Johnson's leadership is a no-show. The search for a new leader is a no-show. The search for a new leader is a no-show. The search for a new leader is a no-show.

You don't underestimate the leader you have unless you can get the leader you want. Johnson may not be as much as Lucienne Robitaille, but his cause is just and his spirit is willing. Chrétien's proposal that Fry chair Jean Chrétien's switch parties and lead the Quebec Liberals is almost as likely to happen as President Manning getting a decent funeral. Chrétien's change of heart has been told by Pierre Trudeau in his time, the Sherbrooke, Que., politician with the heart's truest hands, is admired in Quebec because he is a worthy federalist, an essential political counterweight to such inward-looking nationalists as Robitaille and Jacques Parizeau. (Fry is St. Pierre, the former Nova Scotia industrialist who rescued the Lavalin engine, is the logical choice to succeed Johnson, but his talents will better be applied in the federal arena.)

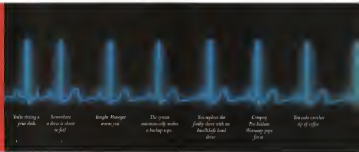
Meanwhile, there is a large and growing sense of frustration and despair among the Ottawa-Montreal-Toronto loop championing the idea that Chrétien ought to recognize that the country has reached a state of national emergency (if not yet past) and form a national government. He would then invite Chrétien to become deputy prime minister and later on the Quebec file. (The only logical, post-Confederation equivalent was the Liberal-Conservative wartime coalition Union Government in Robert Borden's post-judging to win the 1917 election on a pro-conscription platform.)

While Chrétien is the most credible politician in the country (which makes him the equivalent of a man walking on his knees as a last aid), recruiting has not been done. The Liberal's desperation and leadership Chrétien himself is unlikely to be helped. He is unlikely to be helped on carrying out an independent. Try to make for future elections. Besides, Chrétien's advisers don't believe they really need Chrétien since the cabinet because he's dedicated to the Liberalist cause anyway.

Chrétien's leadership is a no-show. The search for a new leader is a no-show. The search for a new leader is a no-show. The search for a new leader is a no-show. The search for a new leader is a no-show.

Getting the government party out of Ottawa is bound to broaden its horizons. But what the Chrétien government really needs is a fresh lease on life, the land of creative energy. It is unlikely to be helped on carrying out an independent. Try to make for future elections. Besides, Chrétien's advisers don't believe they really need Chrétien since the cabinet because he's dedicated to the Liberalist cause anyway.

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BY MARK NICHOLS

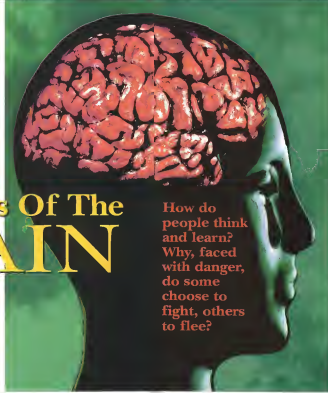
Smith knows he is in trouble. He has problems at home, his job performance has been slipping and his confidence is shot. Now, he has been summoned to the office of that stepbrother near him, the one who has left a string of middle-management corpses in his wake since he launched a dominating takeover of the firm. At the appointed hour, Smith thrusts his way nervously through a labyrinth of corridors. His climb a flight of stairs to the most gracious hallway that leads to the boss's office. Suddenly he is greeted by a *fiat* in latex that it surely proves he lives. At last, inside his boss's office. "Don't go in there," you don't go in. It, he can't see you." But another part of his brain is telling him that the consequences of standing camp might be even worse. By now, he is at the boss's door. Fingers trembling, he reaches for the knob and...

And what? Does Smith open the door, step inside and face the consequences? Or, cautioned by fear, does he turn back and test an agonizing ruse? What is more—and this is what fascinates scientists—how does the human brain weigh the conflicting claims of intellect and raw animal fear to arrive at a decision? Tony Phillips, who heads the psychology department at the University of British Columbia (UBC) in Vancouver, is trying to solve that riddle. The answer, he says, may lie in an intricate mosaic of feedback loops within the brain. And the organ that in the end directs poor Smith to face the boss or flee could be a tiny, seedpod-shaped collection of brain cells located behind the frontal lobes called the nucleus accumbens. "Our ability to imagine different courses of action and their consequences is quintessentially human," says Phillips. "Now, we may be close to figuring out the answer to a fundamental puzzle—the nature of the interface between human thought and action."

Secrets Of The BRAIN

Scientists around the world are tackling age-old mysteries of the brain and beginning to solve such puzzles as how memory works and why some people's psyches can withstand the load of horrific experiences that traumatize others. "We are trembling on the edge of an enormous explosion of understanding," says Robert Adelman, a research professor in the psychology department at Memorial University in St. John's, Nfld. "Things are moving so fast right now that in 12 years I may look back on some of the ideas I have now as somewhat foolish."

As researchers venture across one of science's last frontiers, they are boosted by brain-scanning technology that allows them, for the first time, to watch events unfold inside the brain. Alan Dowd, who heads the Montreal Neurological Institute's brain-imaging center, is part of the U.S. government-sponsored Human Brain Project, dedicated to assembling a comprehensive structural and functional map of the human brain. In Dowd's study, technicians are using magnetic resonance imaging (MRI) equipment to peer inside the skulls of 450 people, compare the differences in shapes and sizes of individual anatomies and come up with a diagram of the typical human brain.



How do people think and learn? Why, faced with danger, do some choose to fight, others to flee?

Ever since the Montreal brain surgeon Wilder Penfield carried out pioneering experimental work during the 1940s and 1950s, Canadian researchers have been strong contributors to the neuroscience—and today they are playing prominent roles in brain research. One current focus of Canadian specialization is a debate first set out by some brain cells, unlike those in other parts of the human body, do not regenerate after injury. Discovering ways to allow neurons grow again in stroke- or trauma-damaged areas could pave the way for improved treatments or even cures for such dreaded neurodegenerative conditions as Parkinson's, Huntington's and Lou Gehrig's disease. "We're in the brain and we're not going to let it go," says William D'Esposito, director of Dalhousie University's Neuroscience Institute in Halifax. "Where for the first time we may be able to intervene effectively in neurodegenerative diseases."

Despite outbreaks in government funding, Canadian laboratories are also engaged in studies aimed at understanding the brain's cognitive abilities—the functions that enable humans to think, learn and remember. Sandra Wildman, a Hamilton-based researcher, has pinpointed structural differences between the brains of men and women, and between heterosexuals and homosexuals (page 110). In Vancouver, psychologist Robert Hale is using MRI to examine the brains of psychopaths, in an effort to find out why they display a stunning absence of conscience (page 50).

Exploring the human brain, and comprehending what is going on inside it, is a formidable task. And no wonder, considering the bewildering complexity of the brain, a 3.3-lb lump of tissue containing between 30 billion and 100 billion brain cells. In a living brain, individual cells—also known as neurons—constantly make contact with as many as 10,000 other cells in an incredibly complicated electrochemical interplay that scientists are just beginning to grasp.

What is clear is that out of that web of neuronal activity, human consciousness and thought somehow emerge. Much brain research is devoted to trying to find out exactly what is happening when electrical impulses flow through a neuron and trigger a discharge of chemicals across the gap—or synapse—between brain cells. It is that synaptic contact that gives rise to mental activity—by solidifying billions of brain cells in specific regions that scientists are increasingly linking to specialized roles. The basal lobes, for example, are the part of the brain that anticipates events and weighs the consequences of behavior, while deeper brain regions, including the seedpod-shaped hippocampus and the nearby amygdala, are associated with such things as memory, mood and motivation.

In the case of Smith—the anxiety-ridden employee on his way to see his boss—UBC's Phillips thinks that some brain circuits may be locked in a kind of neural competition in which some can override others. While the hippocampus helps Smith to chart a course through physical space, the amygdala is urgently warning him of possible peril. But that can change if the fear generated by the amygdala becomes strong enough to somehow override the messages coming from other brain regions.

Outside the boss's office, that very thing threatens to happen. As the amygdala becomes more insistent, the instinctual—which performs executive planning functions in the brain—seems that so hard and few could be even more counter-threatening than to face the boss, Phillips

thinks that the final decision is made by the nucleus accumbens, perhaps with the help of the frontal lobes. Now, Phillips' research team is trying to find out exactly how that happens by studying rats, whose brains are in many ways scaled-down versions of human ones. "The nucleus accumbens is a very sophisticated subcortical system," says Phillips. "And somehow, the strongest signal reaching it can determine what orders go out to initiate action."

At Memorial, Adelman is trying to understand why horrific events affect the brains of some people so severely that they develop the condition known as post-traumatic stress disorder—riddled by the depression, anxiety and anger that afflict some war veterans. From lab rats and animal studies, Adelman has concluded that people who have anxious personalities to begin with are probably more likely to suffer lasting damage from involvement in shocking or violent events. "There is something about the way a person's brain is wired that is relevant," says Adelman. "And if an event leads to a lasting decrease in acetylcholine, there must be a lasting alteration in some brain circuits."

Using rats, Adelman is now trying to discover which neural circuits are affected—and how. The problem probably involves changes in the flow of several of the 100 or so chemical neurotransmitters that carry messages between brain cells. One of the candidates, says Adelman, may be a neurotransmitter known as GABA, which is associated with panic attacks. The mice in which traumatic events leave their effects clearly may be a circuit involving a number of brain regions, including the amygdala, which is involved in memories of emotion-laden experiences, and the hippocampus, which regulates bodily functions, including responses to stress.

Adelman's ultimate hope is that understanding how post-traumatic stress disorder arises, scientists may be able to find a way to intervene after a potentially traumatic shock—with drugs that can prevent permanent changes from occurring in the brain.

Federal agencies are putting a strain on brain funding. Ottawa has announced plans to slash \$4.4 million over the next three years from the current \$3.3 billion it devotes to biomedical research. At the same time, federal agencies increasingly are favoring medically oriented discoveries that could help to reduce healthcare costs while producing jobs and profits. "I think there is a deliberate attempt by government," says Wurma Hall, executive director of the federally backed Canadian Neuroscience Network, "to insist that there be a practical payoff."

A discovery by Toronto brain researchers could provide that kind of payoff by increasing the estimated \$2.3 billion spent treating schizophrenia. The problem with some of the most effective antipsychotic drugs used to treat the disease, says Silvio Rapin, a research scientist at the Chedoke Institute of Psychiatry, "is that the side-effects are as horrible that patients become convinced that the drug is an enemy, and stop taking it." When that happens, patients often lapse into psychosis and have to be hospitalized.

Using PET (or positron emission tomography) brain-scanning



THE GOD MACHINE

During the past decade, psychologist Michael Persinger and his assistants have altered more than 500 volunteers into a somnolent daze, placed a strong-looking helmet on their heads and then, from a console inside the chamber, exposed their brains to a rhythmic bombardment by low-intensity electromagnetic waves. Persinger, a psychology professor at Laurentian University in Sudbury, Ont., hopes that this non-drug treatment can be used eventually to help people suffering from such problems as depression, chronic pain and epilepsy by correcting electrical irregularities in the brain. But he is equally interested in the fact that many of his subjects react to the electromagnetic exposure by experiencing unusual auditory and visual sensations. Some people even sense that there is someone or something with them in the chamber, a "presence" they describe as God—or the devil. "Ultimately," says Persinger, "human experience is determined by what is happening in the brain. And the experience of God can be generated by a process that has nothing to do with whether God exists or not."

According to Persinger, electromagnetic fields events of the kind he's helped reproduce may account for many spiritual and paranormal experiences, including visions seen by angels, demons or aliens. How can this happen? Persinger says that a person's sense of self arises from language functions, which are usually centered in the left hemisphere. But a variety of factors, including stress, fatigue and depression—and artificial stimulation by Persinger—can alter the brain's normal electrical functioning and produce a sense of "otherness." When that occurs mainly in the left hemisphere, he says, the subject is likely to feel that the presence is benign or positive. But when the same event occurs mainly in the right hemisphere, which is concerned with vigilance, the brain is more likely to interpret the presence there as being evil or demonic.

In his experiments Persinger uses a specially wired magnetic helmet, which British psychiatrist Ian Golby used in 1983 while researching a book on an evangelist. Christenly entitled *The Multisensory Anesthesia*. After Persinger's team provided Golby's book sound effects, reported Golby, "I was actually in a line of soldiers. Thick coats, grimy eyes, brown coats around their heads. Two rows a Thelma Houston, and what I looked was that I always had been."

Born in Jacksonville, Fla., Persinger—now a Canadian citizen—left the United States in 1969 to avoid being drafted for service in Vietnam. He does not have a high opinion of organized religion. "If you look at the history of human behavior," he says, "it is evident that many wars were caused by the evil concepts of God." According to his work, fundamentalist Christians have generated moral panics at Laurentian. Persinger told us that even though God might be no more than a neurological accident, but he is careful to hedge his bets. "I am interested in the part of the brain that mediates the God experience," he says. Does that mean the God experience could be caused by the presence of God? Replies Persinger: "It's a possibility."

M. N.

technology. Kaper and other scientists at the Institute tracked two widely used antipsychotic drugs—haloperidol and risperidone—in the brains of schizophrenics. The researchers found that in most cases the drugs worked—and with fewer of the side-effects that can include extreme restlessness and muscular stiffness—when taken at doses well below those often prescribed.

Most scientists believe that schizophrenia is caused by excessive activity of a chemical called dopamine, which helps transmit messages between brain cells—and that antipsychotic drugs work by blocking receptors that are activated by dopamine. Watching drugs flow through patients' brains, the researchers could see if a drug dose of between two milligrams and six milligrams blocked about 70 per cent of the dopamine receptors, while doses as high as 50 mg only marginally increased the blockade. If Kaper and his colleagues can persuade other scientists that they are right, their finding could improve the lives of schizophrenics while saving billions of dollars by reducing drug and hospital costs.

In another project, Canadian scientists are looking for answers to one of the brain's most painful mysteries—the inability of a damaged brain or spinal cord to heal like a cut finger or a broken bone. There is a period in human development when this is not true: "New cells in culture heil and rejoin up to the age of about 2 to regenerate themselves. That is why doctors try to reverse the effects of cell death in Parkinson's disease by transplanting fetal tissue into victims' brains (page 48). But for most people with brain or spinal cord injuries, or other neurodegenerative diseases like Huntington's and Alzheimer's, little can be done to bring dead cells back to life.

About four years ago, Sam Weiss, an associate professor of anatomy and pharmacology at the University of Calgary, and graduate student Brent Reynolds made a discovery that may point to a way of growing new cells in the human brain. They found an inactive cell in



the brains of mice that, when prodded into action, behaves like the rapidly reproducing stem cells found in human and animal bone marrow. The burning question now is whether similar cells exist in the human brain.

If they do—and Weiss says there is "some evidence" to support that conclusion—scientists may be able to grow them at a culture to generate millions of new cells, which could be transplanted into the brains of people suffering from neurodegenerative diseases. Even better, adds Weiss, it may be possible "to turn on the stem cells, and persuade them to begin reproducing themselves right inside the brain."

To explore the commercial possibilities of the discovery, the University of Calgary, with the backing of American and Swiss pharmaceutical companies, in 1993 set up a Calgary-based company called Neurogenesis Ltd., which now employs about 20 people.

John Stenow, a professor of neurobiology at USC, thinks that a substance called neurexin, which forms a coating around neurons that helps speed up communications among cells, may play a role in promoting cell regeneration in damaged brain and spinal cords. Studying the neural circuitry of chickens, Stenow noticed that neurexin begins to form about a week before the baby birds are born. Just as the neural circuit forms, says Stenow, the neurexin forms. Does that mean, Stenow wondered, that one of the roles of neurexin is to stabilize neural circuits in a young organism by holding cell replication? If so, he reasoned, then preventing neurexin production might encourage cell regeneration.

In an experiment, Stenow and members of his research team injected proteins that suppressed neurexin formation into adult chickens whose spinal cords had been severed. "To my amazement," says Stenow, "we got regeneration in

MAPPING THE MIND

FRONTAL LOBES
Coordinate other brain functions

RIGHT HEMISPHERE
Processes spatial information and abstract thoughts

HYPOTHALAMUS
Regulates bodily functions, including temperature and hormonal balance

LEFT HEMISPHERE
Processes language skills

TEMPORAL LOBES
Interpret auditory signals

OCCIPITAL LOBES
Interpret visual images

AMYGDALA
Processes emotions tied to strong emotions

HIPPOCAMPUS
Processes long-term memories

about 20 per cent of the damaged cells." It is too early, says Stevens, to try to apply the findings to humans. But it could point the way to a form of treatment that could help regenerate human neurons at some point in the future.

Over the past seven years, GBC neurobiologist Terry Sautch has made a series of discoveries that could pave the way for better drugs to treat conditions ranging from Alzheimer's disease to manic-depressive illness and schizophrenia. Sautch's specialty is a family of proteins found on the surface of brain cells. The proteins act as channels for calcium, a mineral that plays a vital role inside neurons to trigger the flow of neurotransmitters used in the brain's chemical system. Sautch discovered that calcium channels are located on different parts of neurons—and each channel has a slightly different function.

What that means, says Sautch, is that the amount of calcium, and the flow of neurotransmitters & ions, can be controlled to a very fine degree. "Some widely prescribed drugs used to treat a variety of illnesses act on calcium channels. Now, by designing drugs to target specific calcium channels, scientists may be able to eliminate some of the unpleasant side-effects—such as the nightmares and fatigue caused by some anti-depressant medicines.

Meanwhile, Canadian researchers are trying to solve the mystery of memory—brain function that Eadri Thewissen, a Toronto brain researcher, considers to be "the thing that makes us human." Over the years, says Thewissen, a senior neuroscientist at Toronto's Rotman Research Institute, investigators have tended to regard memory as a brain function that is uniquely involved in information storage. Thewissen's model is more complicated. At first, all he says, there are two basic memory functions—encoding (taking the information in) and retrieval (getting it back



A PET scan image showing neural activity in the brain, located by PET technology

Poised on the edge of a knowledge explosion

THE DEBATE OVER FETAL TISSUE

Sometime within the next six weeks, Dr. Ivor Mendez and his surgical team at the Victoria General Hospital in British Columbia will perform a procedure that could be historic. They will remove and implant them in the brain of a patient with Parkinson's disease. The controversial operation will mark phase two of the team's study of the accurate neurodegenerative disorder. At least one more patients will follow, with a report expected in late 1997. The theory behind the operation—first tried in Sweden in 1988—is to substitute fetal nerve cells that are capable of growing for damaged adult cells that cannot regenerate. It is, says Mendez, "like replacing a faulty clip by your computer."

Perhaps, but brain surgery has proved nowhere as simple. Given is the opinion that greatest fetal-tissue implants in the late 1980s, disappointing results have led doctors to believe the implanted neurons—which secrete dopamine, a chemical messenger lacking in Parkinson's—may be supplemented with other treatments. And no one knows whether the grafts can survive the unadorned brain-cell wall behind the blood. On top of that, shorter opponents continue to discourage the operations as yet another indignity against the unborn.

Holmes performed the first fetal-tissue implant in Canada in 1991, followed by four more to complete phase one of their study.

COVER

and it's a theory developed over two decades. Thewissen has also proposed that there are two different types of memory—sensory, which deals with such factual material as names, dates and the appearance of ordinary physical objects, and episodic memory, which enables people to re-experience the past.

Until recently, there was no way to test many of his ideas. But now Thewissen and scientists at Toronto's Clarke Institute are using PET scans to see which parts of the brain handle the different memory functions. They have already made an unexpected discovery: although memory is widely distributed throughout the brain, some functions are concentrated in one of the two brain hemispheres. The retrieval of sensory memory, for example, occurs mostly in the left-brained side, which makes sense because that side of the brain is strongly associated with language functions.

Thewissen's theories may help explain why memories of past events are not always accurate or complete. For example, if his driver's clearest memory might be recorded in an individual's episodic memory, perhaps with details of how the driver looked and the way he talked. At the time of the event, the driver's other passengers had to re-examine themselves in the subject's memory. So when the scene is recalled, the person's brain may sketch a generic passenger based on a general idea of what transpired, rather than look like that is drawn from sensory memory.

Thewissen admits that many of his ideas about how memory works are just speculation that have yet to be proved. "Memory is extraordinarily complicated," he says, "much more so than many people are willing to believe." He thinks that may be true of the brain itself—and that "some day we may discover that the brain works quite differently from what we imagine now." Luckily, one of the greatest pleasures in that, for all its complexities, it is the human brain itself that may ultimately unlock the mysteries of the mind. □

In December, 1996, Mendez and company—will the sole Canadian team in the field—announced they would expect their results after all patients showed a lessening in the severity of their symptoms and their deteriorated slowed. They all still require medication, however. Unlike phase one, phase two involves implanting cells in two locations of the brain instead of one.

A major stumbling block continues to be cell availability. "If you don't know how many cells survive, you don't know how many cells have to put in," Mendez says. To date, doctors have relied on indirect evidence from brain scans. But last April, *The New England Journal of Medicine* reported on an autopsy that showed implanted fetal cells had survived and grown in the brains of a 59-year-old male Parkinson's patient.

If such surgery proves beneficial to Parkinson's patients, it could eventually be used to treat epilepsy, Huntington's disease or brain and spinal cord injuries. Meanwhile, studies are under way in the United States, Sweden and France that may defuse the controversy over using fetal cells. Scientists are now growing genetically engineered cells in culture, hoping they can provide a limitless supply—and save hope for victims of brain disease.

DAN HANAUJESKA

COVER



Watson: I am a scientist—not a male or a female scientist

It began almost by accident. In an effort to answer the causes of dyslexia, psychologist Sandra Watson decided in 1970 to conduct an experiment involving dyslexic and other children at a Hamilton grade school. Because dyslexia affects mostly males, Watson planned to use boys only. "But the girls wanted to join us, so they could get to girls some of their regular classes too," says Watson. "So we included girls." The purpose of the experiment was to see whether some neural functions in dyslexic children—such as language skills or spatial perception—differ one at the other of the two brain hemispheres, as they do in most people. What Watson found was that dyslexic children have fewer right-hemisphere differences than other kids—but that difference was far more pronounced in boys than in girls.

That discovery, published in 1976, sent a tremor through the world of brain research. The reason: Watson's finding suggested that differences between male and female behavior might not be due simply to social conditioning, but rather to biological differences in the brains of men and women.

Certainly there is ample anecdotal evidence to suggest that conclusion. And studies have shown that women often do possess superior verbal skills, while men are frequently better at things like mathematics and map reading. But now, the 19-year-old Watson and a handful of other researchers have begun to produce concrete and astounding evidence of physical differences in the brains of men and women, as well as in the brains of heterosexuals and homosexuals. Typically, in a study published last May, Watson, a professor in the psychology department at Hamilton's McMaster University, reported that in a part of the temporal lobe associated with language skills, women's brains contained up to 11 per cent more brain cells than men's brains.

That does not necessarily mean that women are smarter than men—but it does show that they are different. As Watson notes, her findings challenge the politically correct dogma that "except for anatomical differences in men's and women's bodies, everything else is supposed to be the same, except where things have been distorted by social forces." If there are physical brain differences between the sexes, adds Watson, "it may be better to recognize this and deal with it, rather than pretending that we are all the same."

A native of Montreal, Watson studied psychology at McGill University, where she became interested in childhood learning disabilities. When American researchers in the late 1960s reported that brain regions in the left and right hemispheres often varied in size, Watson wondered whether the disparities were related to the distribution of brain functions in the two hemispheres. Officials at the U.S. National Institutes of Health in Bethesda, Md., were interested in the same question and, in 1976, they offered her a grant to investigate it. Watson and a McMaster colleague led the multimillion-dollar brain contract—and won.

The three-year grant set the stage for a series of studies by Watson and her scientific partners that have shed light on the differences between brain hemispheres—and between male and female brains. From the male point of view, one of Watson's most dramatic discoveries was reported in 1989. She found that in men, gray chloro corpus callosum—a brain region that provides communication between the hemispheres—begins shrinking. The biggest surprise was that the study based on post-mortem examinations of 20 male and 20 female brains, showed virtually no shrinkage of the female corpus callosum. In a current study, Watson is trying to determine what effect the shrinkage has. "Clearly whatever is happening in the corpus callosum is not of great consequence for most men," she says. "Of course, do very well in their later decades."

Watson and her research partners discovered another dimension of brain differences in November, 1994. In a study involving 21 people, they showed that part of the corpus callosum in the brains

Boys, girls and brainpower

The sexes differ in more than appearance

of some homosexual men was 15 per cent larger than in the heterosexual men. "That might explain why earlier studies, including some by Watson, have found differences in the cognitive abilities of gay and straight men, including lower scores by gay men on tests of spatial perception." Watson's findings involving the corpus callosum followed a 1991 U.S. study that reported altered differences between gay and straight men in the hypothalamus, a brain region associated with sexual behavior. Other American researchers have suggested that genetic factors may play a role in homosexuality.

Working as an area of science that is fraught with political implications, Watson insists that her work is motivated only by the truth. "I think it's as well as we can do," she says, "to get on with it and make something." Watson, who has been married for 35 years to Hamilton doctor Jerry Watson, thinks there now is a genuine science that men's and women's brains "are actually different in some of the ways they are put together anatomically and chemically." That will upset some people, she says, "because they assume that biology means things are unchangeable." But she adds, "the fact is that explaining and other neurological factors play a tremendously important role" in shaping the mind—a reminder that biology does not set destiny.

MARK NICHOLS

The British author Philip Kerr's futuristic novel, *A Philosophical Investigation*, examines how to determine whether a man is prone to violent criminal behavior by ad measuring a brain scan to detect an abnormality. The government in the 1992 book has used the technology to construct a data base of potential serious offenders. Kerr's protagonist is one of them: that is, he breaks into the central computer to erase his name, he obtains the master list of other bad apples and proceeds to kill them to rid society of his "brothers." While that novelist's scenario may strike contemporary readers as far-fetched, a Canadian academic is currently engaged in groundbreaking research that could ultimately produce a brain scan that would single out psychopaths. And while that is not the aim of University of British Columbia psychologist Robert Hare, his studies have shed new light on the measurable inner workings of society's most troubled—and predatory—individuals. "As a society we're paying an enormously high cost because of this damaging disorder," says the 65-year-old, a unipolar world authority on psychopathy. "We need to find out what makes these people tick in order to tackle the problem in the future."

While researchers have long known what psychopaths do, they have only recently begun to learn why. In 1991, Hare and two graduate students published a landmark study suggesting that the brains of psychopaths underlie the regions that integrate emotion and memory with other information. The findings supported the long-held suspicion that the destructive behavior of psychopaths had a neurobiological basis. And while Hare is not yet prepared to draw that conclusion definitively, he and his team have made several startling discoveries about the brains of psychopaths that may eventually lead to a treatment for their now incurable disorder. The team psychopaths' test is much misunderstood and misused, especially by authors of pulp fiction and Hollywood screenwriters. In the film *Se7en*, for example, the 1991 Oscar winner as his partner, a prison psychiatrist calls serial killer Detective "the Cuddled" Lester a "pure psychopath." In fact, experts like Hare say that Lester does not really qualify as a psychopath at all. "He's just a justice," decries the professor.

In his 1993 book, *Without Conscience: The Dangerous World of the Psychopaths Among Us*, Hare says that confusion arose because people rarely use "psychopaths" and "psycos," which is a slang expression for psychotic. The distinction is that individuals who are actively psychotic are out of touch with reality because they



No conscience, no remorse

suffer from delusions, hallucinations or other disordered states. When they commit a violent crime, they are often brutal and not guilty by reason of insanity and are incarcerated in a psychiatric facility rather than a jail. Psychopaths, on the other hand, are rational self-righteous aware of the difference between right and wrong.

Clinical psychologists have refined the definition of a psychopath over decades of research. Typically, psychopaths are charming, unfeeling, glib and manipulative individuals. They often brag about grandiose life ambitions but utterly lack the skills or discipline to achieve any of their goals. Psychopaths are easily bored and crave immediate self-realization. When caught in a lie, they quickly switch topics—or with lies—with no apparent embarrassment. They do not form deep or meaningful attachments, and often end up leaving people who get close to them. While they are intellectually aware of society's rules, they feel no guilt when they break them.

Hare, unlike convicted killers and serial rapist Paul Bernardo, most psychopaths are not in prison

Viewed through that prism, Hare says that Paul Bernardo, a serial rapist who graduated to serial killing, is clearly a psychopath rather than a psychotic. "Bernardo was a cold-blooded predator lacking in remorse," declares Hare. "He is a perfect example of a psychopath."

But unlike Bernardo, most psychopaths are not in jail. Hare says that the disorder does not necessarily lead to violent criminal behavior. In fact, many psychopaths find wealth and success as highly manipulative corporate executives, as thugs on professional sports teams or as unscrupulous politicians. Experts estimate that about one per cent of the general population consists of psychopaths, while roughly one-fifth of the inmates in the country's prisons belong to the category.

But whether a criminal or a white-collar con artist, all psychopaths share a profound lack of empathy and remorse for the harm they do to others. Researchers have long suggested that the condition stems from abnormal brain function in the processing of emotion and language, rather than environmental factors such as a traumatic childhood. Hare's work is adding weight to that hypothesis. In his breakthrough 1991 study, Hare compared the brain scans of a group of normal subjects with those of psychopaths. The latter were selected from a prison population using the Psychopathy Checklist, a questionnaire Hare developed in 1980 for classifying psychopaths that has since been adopted by researchers, correctional authorities and police forces around the world.

The subjects were asked to perform a simple task: hit a button as soon as they recognized a word flashed on a computer screen. While monitoring the subjects' brain waves, the researchers administered randomized strings of letters with neutral words such as "table," and emotionally evocative words like "snaggle" and "cancer." What they found was that normal subjects spent more time processing emotion-laden words than the psychopaths.

"When you see a word like 'cancer,' you have all sorts of associations—fear, or just think of someone who's had cancer," says Hare. "But for psychopaths, the word 'cancer' and the word 'table' had the same emotional connotations—which is to say, not very many. It's as if they're emotionally color-blind."

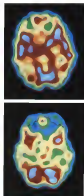
Even more significant were the findings of a study conducted by New York City psychologist Jonine Litvack, with Hare's collaboration, at the Bronx Veterans Administration hospital in 1989. The investigators employed the same

language test, this time injecting the subjects with a radioactive tracer and scanning color images of their brains. As normal subjects processed the emotion-laden words, their brains lit up with activity, particularly in the areas around the ventromedial frontal cortex and amygdala. The former plays a crucial role in controlling impulses and long-term planning, while the amygdala is often described as the seat of emotion. But in the psychopaths, those parts of the brain appeared to remain inactive while processing the emotion-laden words. That, says Hare, helps explain why a psychopath's conscience is only half-formed. "I showed the scans to several neurosurgeons," recalls Hare. "They said that it did not even look like a human brain. One of them asked, 'Is this person from Mars?'"

Hare's next experiment will be even more sophisticated. Stated to be at the University of British Columbia in May, it will be run by graduate students Andre Smith and Kent Kiehl. (The latter happened to grow up three blocks from serial killer Ted Bundy's home in Tacoma, Wash., which prompted Kiehl to take up his line of study.) The researchers plan to apply the same language test to 32 subjects, half of whom are psychopaths housed in a maximum-security federal prison near Vancouver. Most of the volunteers, who will be incarcerated in shackles under armed guard, have committed violent crimes, including rapes and murders.

Hare says that the study—which was turned down for funding by the federal Medical Research Council last year, and is now privately supported by the B.C. Medical Services Foundation—will provide a better picture of what is going on inside a psychopath's brain. The reason: it will take advantage of the university's 13-month-old, state-of-the-art General Electric magnetic resonance imaging (MRI) facility and the expertise of its scientists, radiologist Bruce Penner and physicist Alex Mackay. The unit itself sits inside a vaulted room equipped with a gantry that slides along a horizontal track into a short tunnel. That is where subjects lie as the machine probes their brains with magnetic torques. When Hare and his colleagues tested the procedure on a psychopaths' subject last fall, the control viewed the computer graphics through mirrors aimed at a rear-projected screen. And because the MRI is known off by its vocal as its vicinity, the subject had to respond by pressing a touch-pad connected to a computer by thin optical cables or a keyboard or pop-disk wired with metallic cables. Capturing brain images at the rate of one every 40 milliseconds or so, the experiment effectively creates a video of the psychopath's brain as it processes emotional information.

But the researchers caution that for further studies will be necessary to definitively answer the question of whether psychopaths' brains are wired differently than those of normal people. The search for a biological basis for psychopathy could lead to a treatment. If the condition arises from a breakdown in a neurotransmitter, for example, then drugs that regulate signals between neurons—the behavior of psychopaths could be modified with drugs in the same way that dopamine substitutes help Parkinson's disease. That may be a long way off, but the psychopaths' brain—once as perplexing as the vicious behavior it produces—is coming gradually into focus.



With the aid of radioactive tracers, color images show that a normally functioning brain that is usually lit up with activity when exposed to emotion-laden words, but the brains of a psychopath appear to remain inactive, especially in the areas that govern feelings and self-control. (Is this person from Mars?)

PATRICIA KAMRAN FOR CUBUS RECORDS/ALAMY

Bodies of evidence

China denies that its orphanages are death camps

The latest Chinese authorities tell it, the orphanages that critics call "death camps for children" are, in fact, models of child care. Last week, the director of the Shanghai Children's Welfare Institute invited journalists to tour the 1910 wooden building, which is listed in *Death by Defiance*, a well-documented new report by the New York City-based Human Rights Watch/Asia. The report asserts that thousands of children are deliberately allowed to die of hunger and neglect in government-run Chinese orphanages every year. Boasted by international critics, Chinese officials denied the charges and led reporters through the Shanghai institute—through bright, carpeted rooms where healthy, well-dressed children played with Fisher-Price toys. Eyes brimming with tears, director Han Wuchang cried, "It's all lies, all lies."



Photo reportedly taken at the Shanghai Institute in 1993. Says that the controversial new director

China last October, international adoption agencies were bombarded with phone calls from outraged Canadians who wanted to adopt the children. The Human Rights Watch report produced a similar response last week. But many agencies and parent support groups warned that the bad publicity might provide the Chinese government with a shield against international adoption inquiries, which last year provided 993 children to Canadian parents. Keith Levering, a Windsor, Ont., businessman who volunteers with the Ottawa-based Children's Bridge agency, said, "It gives you the feeling, 'I hope nobody knows the place where I'm just a month away from success.'"

Many Canadians who have adopted Chinese children (at a total cost of around \$15,000, including \$4,000 to an orphanage

plus a two-week stay in China) argue that conditions are improving. "I have a hard time ranting about the shavers," says Toronto's Bonnie Makliver, mother of two Chinese-born daughters and a volunteer with Seattle's Foreigners and a Quebec-based adoption agency. "But they are not in every orphanage and our thinking is that if our adoption program continues, there will be more money to look after these children."

However, Zhang Shuyun, the 59-year-old physician who provided much of the documentation in *Death by Defiance*, says it is easy for officials to cover up abuses. Zhang says that foreign visitors often came to the Shanghai Children's Welfare Institute during the years she worked there, from 1980 to 1993. "Foreigners would see only a few rooms," she told Maclean's through an interpreter. "Children would be heavily dressed and given toys that would later be taken away. In the

next room, blind babies would be hidden in all kinds of places, even tables." The *Defiance* reality, she recalled, was grim: "The children were not given enough food. They were frequently punished and raped, and some were chosen to be left to die." One of the casualties, she said, was San Zhu, a healthy one-month-old girl who she identified in the orphanage on June 7, 1989. "She had digestive problems which gave her diarrhea," said Zhang. "Her condition was so bad it was too problematic, so they decided not to feed her." Two months after arriving there, the girl died in Zhang's arms. "She was so hungry," the doctor said, "that she was gnawing on her fingertips."

Zhang supports her allegations with medical records and photographs that she brought out of the country when she fled China last year. Leaving her baby safe, she according to the Human Rights Watch report, the Chinese government's own statistics are damning: as well in 1989, the mortality rate in Chinese orphanages was more than 20 percent. Zhang, too, hopes that the report will not jeopardize international adoptions. She acknowledges, however, that prospective parents' fears are legitimate. In 1992, China became saturated with allegations of baby selling and blocked international adoptions for two years. But in an overpopulated country where an estimated 15 million baby girls have been abandoned since 1980, the steady supply of well-off foreigners eager to adopt may be too appealing to give up.

SHARON DOYLE-DREGER

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Russia's brawn drain

The NHL continues to lure the best of the East

Wlery Gushin has abilities negated by Russia's rough transition from communism to capitalism and landed in the executive suite. At 30, the former defenseman for Moscow's Soviet Wings hockey club is now part-owner and general manager of the city's Red Army hockey team, one of Russia's best-known sports clubs. But Gushin is not content at the top, even in a spacious office adorned with black leather armchairs and photographs of celebrities including Jack Russian President Boris Yeltsin to Vancouver Canucks superstar forward Pavel Bure. That inscribed picture of the Red Army chairman is, in fact, a constant reminder to Gushin that more than 100 players from the former Soviet Union are now beating gate receipts in North America for the National Hockey League. And that, Gushin says, is just another example of how Western entrepreneurs are grabbing Russian resources for wealth change. "The NHL comes here with tanks," says Gushin, "and takes away our best players."

Gushin has been the loudest critic of the 1994 agreement between the International Ice Hockey Federation and the NHL regarding the transfer of players to North America. But he is not alone and in response to mounting criticism, NHL governors last month agreed to boost their 1996 payment to the federal team to \$3.9 million from a planned \$2.6 million; the annual fee will rise to \$5.2 million by 2000. The league's motivation is simple: since its blue players now comprise about 15 per cent of the names on NHL rosters, and their availability enabled the league to add five new franchises since 1991 without the usual difficulty in talent acquisition.

Still, NHL teams rarely backed away from the player shortage—thanks primarily to Gushin. Last October, in blatant violation of federation rules, the Red Army began luring Alexei Yashin, a designated center who was already under contract to the Ottawa Senators. Yashin had returned to Russia after winking out of the Senators' training camp in a salary dispute. Gushin used the ensuing controversy to make the case that Russian clubs deserved a better deal for supplying the NHL with players. But his grandstanding angered federation officials, who promptly

came in 1999 when Alexander Magdes, then a 28-year-old right-winger, signed a multiyear-dollar contract with the Buffalo Sabres. Magdes, now a Vancouver Canucks, was lured by other clubs, and Soviet clubs scrambled to get compensation for their promising players before they too, skirted away with no rules to follow, transcontinental negotiations ranged from difficult to impossible.

Finally, in 1994, hockey's governing body imposed a measure of order. Under the terms of their deal, the NHL is required to pay an annual fee to the International Ice Hockey Federation, which disburses funds to the various national hockey federations. It is, in turn, pay individual clubs for the loss of players. The arrangement has provided guidelines, but it has not eliminated problems. Clubs in Russia—no will as much in Sweden, Finland, the Czech Republic and other European hockey havens—complain that they get no compensation at all for players who, after being selected in the NHL draft, are then sent to the minors. "NHL teams sign up anyone they think might help them," says Gushin. "This year alone, seven of our players were taken in the NHL draft, but all of them are still in the minors and we have received nothing for the years of training that we have given them." The NHL has urged member clubs to return players to their European teams if they fail to make the top-league roster—just as clubs now do with Canadian juniors.

More money and better domestic competition could enable Russian teams to hang on to some of the star players that appeared on the country's bronze-medal-winning team at the recent world junior championships. But the chaos of talent that has weakened the quality of

play in Russia's top leagues will likely continue. Gushin has resigned with Ottawa—despite \$1.7 million over three years—and other Russian players will look west simply because the average NHL salary is more than \$800,000 annually, compared with the \$1,000-a-month stipend that players get at home. As a result, the NHL can expect to reap the bounty of Russian hockey years to come. And the league can expect to hear more from Wlery Gushin.

MINICOLM GRAY is in Moscow with JAMES DAKACOFF in Toronto.



Yashin skating for Red Army, getting a better deal for supplying players

PHOTO BY AP/WIDEWORLD



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PEOPLE

NEW ENDEAVORS FOR A DIVA

Pop diva **Candice Pope** may be best known as the provocative lead singer of Rough Trade, but to her the rock band, which broke up nine years ago, is ancient history. "We certainly had a following," she says of their cabaret hits at *Rock of a Fender* and *High School Confidential*. "Still, I have been busy doing other things since then." Busy indeed. Along with live performances, guest appearances with other artists, and writing and recording musical scores for film, the Toronto-based Pope, 43, is a vocal activist in the fight against AIDS. She has also started to write and perform her live theater, and has just released her third solo album, *Madame*, her most introspective offering to date.



Pope at home: "That was very short."

"I know that some people are going to look at me and think 'Rough Trade,'" she says. "But that was very far and that's what I am doing now." There is no time like the present.

CANADA'S HIGH HOPES

Toronto high-school basketball star **Jarvis Magloire** answers to the name Canada—literally. Magloire, who, at 17, is already being called the best Canadian basketball player ever, earned his country's name as a nickname at various training camps that he attended along with many of the top U.S. college coaches and prospects. "If I was just random, they wouldn't have called me anything," says the six-foot-10, 235-lb. center. Now, many of those coaches—including the legendary **John Thompson** of Georgetown University, **Dwight Smith** of the University of North Carolina and **Mike Krzyzewski** of Duke University—are trying to recruit the still-growing Grade 12 student. Magloire says he has not yet made up his mind which university to attend. Beyond that, he has his sights set on playing in the NBA—preferably for his home-town Raptors. Their coach, **Donovan Malone**, has two words for Magloire, "We'll be watching you." But he also warned the youth against getting too wrapped up in the star he is creating. "Hope someone relates the progress of a player," says Malone, "because he starts believing it all and stops working." By far, at least, Magloire agrees to be keeping a level head. "Right now," he says, "I'm just taking it easy trying to finish school and my tests."



Magloire: "taking it easy"

PLANNING MAYHEM

John Schlesinger, whose credits include *Midnight Cowboy* and *Marathon Man*, has filmed scenes exceptionally disturbing scenes in his 48-year career as a director. So when it came time to enact two particularly baroque rape/assault scenes in his new suspense drama, *Rye for an Eye*, Schlesinger, 69, made sure everyone on the set knew what to expect. The incredibly random acts of violence were tightly choreographed beforehand with the stunt-coordinator, actors and their stunt doubles. Canadian actor **Kiefer Sutherland**, 28, who plays the killer Robert Deeb opposite **Sally Field**, 48, who acts out to avenge her daughter's death, was involved in both scenes. "Kiefer was totally professional," says Schlesinger. "His main concern was that he didn't actually hurt anyone." An act of violence



Schlesinger (left), *Sutherland*: *Kiefer*

LOOK WHO'S TALKING NOW

During his bid for the murder of his co-wife **Melba Bevan Simpson** and her friend **Russell Goldman**, former football player **O. J. Simpson** did not testify in his own defense. But now he is talking—in a mail-order video selling for \$40. Even though Simpson was acquitted in October, public opinion has turned against him.



Simpson: public opinion

Be an O. J. Simpson? The idea, which was tapped at his Brentwood, Calif., estate, he gives his own version of events. At one point in the video, subtitles of which were broadcast last week on the syndicated TV show *Hard Copy*, Simpson says police would have found more evidence in and around his home had he really killed his co-wife. "One would think that there would be some blood around him," he claims. But at least one person who is familiar with the video's contents says he does not believe Simpson. "Something just didn't sound right," says **Ross Becker**, a former Los Angeles TV reporter who interviewed Simpson for 90 minutes for the video. "And when I asked him about it, some of his answers, frankly, may not fit very well."

Edited by **DARRAH WICKENS**

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With daughter Alayna
in his Vancouver home:
"criminals or victims?"

*Dramatist Dennis Foon
confronts the world of child crime.*

TELEVISION

Pint-sized perpetrators

BY MARCI McDONALD

On the grimy black-and-white footage of a social worker's surveillance video, a boy's tormented face rests upon a desk. Slowly, the character face turns to stare into the lens, impassive. "Bella," he says, his features suddenly erupting in violence once. "F--- you," he spins into the camera. That image of defiant fury unleashes the harrowing story of Dea, the fictional 11-year-old gang leader from a spree of robbery and arson in Little Cranston. Exploring the psyche of an underage offender, the \$15-million CBC drama, airing on Jan. 21 at 9 p.m., delivers two hours of emotional punches to the solar plexus.

In the role of Dea, Brendan Fletcher, a novice 14-year-old actor with only two school plays to his credit, has come to Courtenay in Vancouver Island, commandeers the film as mostly as his character does Vancouver's mean streets—all portrayed in images and food coming. One miracle, he says the best thing was a smoking wild child, terrified that the cockroach-brother who is his mother will abandon him to foster care, the next, he counters a police officer's warnings with a chilling riposte: "Me and my buds will jump you, your ass on you, burn your skin off." Presence of that virtuous per-

formance have already won Fletcher Hollywood offers, including a role in a movie-of-the-week co-starring Stephenie Ziskel, which finished shooting last month in British Columbia. Impressed also by the deft poise of Regina Keri director Stephen Sode, Britain's Channel 4 has purchased *Little Cranston*.

But the most striking feature of the film is the meeting, available here of its script—the brainchild of award-winning Vancouver children's playwright Dennis Foon. Four years ago, while researching another drama, the 44-year-old writer first stumbled onto the growing phenomenon of kids involved in increasingly violent crime. "These are the monsters we've created in our society—little Frankensteins," Foon says. "But the question I kept asking myself was: are they criminals or victims? And what are we going to do about it?"

For Foon, the father of two daughters, those questions were particularly charged. As coordinator and artistic director at Vancouver's Green Thumb Theatre for Young People, he had spent most of the past two decades revolutionizing Canadian youth drama. Defying the conventional wisdom that children would sit still only for slapstick face punctuated by whistles and clowns, he pioneered the notion of bringing their worries and world view to the stage with gritty,

Michigan-style realism. In Foon's plays, kids grappled with real-world issues such as bullies, the self-image of black women and the harassment of alcoholic parents. His playbooks were spun with such compelling credibility and innovative charm that his dramas were produced in schools across the country and around the world from Dublin to New Zealand.

In *Female Kids*, which won a 1988 British Theatre Award, he examined the bewildering of immigrant children in Canada through a punkish device: all the newcomers spoke perfect English while their Canadian counterparts mumbled only in gibberish. And his five-part series on sexual abuse for the National Film Board, *Feeling His Feeling Me*, has become a staple for classroom prevention programs across the continent.

What brought his work to an end was Foon's painstaking research—spending weeks with his subjects, taking down their tales in careful laughter in his lined notebooks. "Deena did his homework," says Naja Ardal, the artistic director of Toronto's Young People's Theatre, which is mounting productions of two of his plays this month, including his adaptation of a German work called *Silence and Malice*. "He went into the schools, into the world of young people and said, 'I'm studying you and I want to know what's important to you.' And they told him their stories. But what is significant is he didn't compromise what they had to say." Her predecessor, Peter Moss, now the creative head of children's TV programs at CBC, agrees. "Deena has an extraordinary capacity to listen," Moss says. "When you are one of his subjects, you know that the kid up on the stage comes out from somewhere."

Still, even after years of listening, Foon was not prepared for the characters he encountered when he landed in Winnipeg in 1982 to research a project for the Manitoba Theatre for Young People. There, he heard of youth gangs led by 11-year-olds with hair-raising criminal histories, but the story to him that as long as they were under the age of 12, the police could not touch them. In school, he met a one-year-old aboriginal who was already a veteran at break-and-enter art. The kid was running around the corner the whole time, clinging to the back of his chair and throwing things at me," Foon recalls. "He had been hunted with another kid and a three-year-old, who he said he was babysitting."

Later, teachers told Foon how one, chased by a boy gang he had double-crossed, the boy led in the gang's attack. "The next day was the first time they ever saw him smile, be-

cause he finally got some protection from authority," Foon recalls. "The image of attack was not one that I thought we are to want to find out a whole lot more, was this just one kid from a fractured-out situation or was it universal?"

Armed with a research stake from the CBC, Foon made the rounds with police gang squads and social workers in Vancouver, Winnipeg and Toronto, discovering what the experts knew only too well: kids was an anomaly. The Vancouver treatment centre was so overwhelmed with seriously troubled children—some as young as five—that it had been forced to scarp its waiting list and take only emergency cases. Foon interviewed more than 125 young toughs to produce the composite bundle of trouble he called Dea, who is harking himself at brotherhood, spent his weekends just at his own funeral. Yet, Foon flinched his script, he and his collaborators worried that he had gone too far. "I thought the police and social workers would find it more controversial," agrees Phil Smith, Foon's longtime friend and frequent collaborator, who produced *Little Cranston*. "But if anything, they thought we were too soft."

Agar stings in Foon's nose as he talks of the plight of kids like Dea, bearing what Ardal terms a "new frontier rage" in his work. In one recent play, *Afternoon Game*, he traces how a parent's violence translates into the kid that a teenage boy in turn, dehis his girlfriend. "Hating talked to kids so much," Foon confesses. "The become more and more obsessed and upset about how we treat our children."

Finally suggest he has awakened anger in the flip side of the empathy that has allowed Foon to hear his kids' hearts—a quality he owes in part to the anguish of his own mildly childhood. The youngest of three sons of a Detroit scrap dealer, he was born when his father was already severely sick, crippled with painful arthritis and covered with psoriasis. "I felt very isolated from my father because of his disease," he says, "very abused and alone." With few friends, he found solace in books and school, where he scored top marks. Then, at 16, inspired by meeting William Ayres, one of the original Socratic radicals who founded the group known as The Westerners, Foon led a peaceful walkout at his high school. There, he attended the University of Michigan, where he explored in religious studies—the result of counter-cultural dabbling. "I always had a religious experience," he says. "I glimpsed and saw God."

At college, Foon at last discovered people he could talk to. In 1973, he won a creative writing fellowship to the University of British Columbia. To him, Vancouver felt like home—the last great backyard summers in Ontario's Algonquin Park—was never left, eventually becoming a Canadian citizen. For his master's thesis, Foon wrote what he terms "Dea really had kid play." And Jane Howard Baker, the woman who would become his wife, convinced him to produce it. Together, on a federal Local Initiatives Programme grant, they set up Green Thumb—an act of singular bravado since he had to declare whatever he had a career in "children's drama." "I didn't really have much interest in kids," he admits. "I wanted to write about things—to do groovy things for my contemporaries."

As Smith says, Foon was taking an artistic leap from the credits his father was constantly quaking. If they will not let you in the front door, go in the back door. For Foon, children's theatre was merely the back door to the mainstream stage—was that given him a chance to support the better writers and directors to learn from. Deepening wildly, he staged a sensational 1977 production about a stage boy's waltz with death called *Shadows*—"a sort of Socratic Seal for children," he terms it—which had the distinction of being banned by some B.C. communities as satanic. But what changed his career was a 1979 drama called *My Sister's Bedroom* by Canadian Joe Weisenthal that did the heavy work for children's theatre. "It was a realistic play about divorce—just people talking at real-life outsiders," he recalls. "But kids sat and listened to every word. I realized then I'd been a total idiot about what I was doing. I'd



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been completely underestimating them." With that, Foon found his calling. The stark realism of his plays paralleled similar revolutions in children's drama in Britain and Germany—which he helped introduce to Canada—all with a larger mission than mere entertainment. "We weren't developing audiences," he says, "as much as we were trying to develop citizens."

In 1983, Foon moved to Toronto for a year as writer-in-residence at Young People's Theatre. But he was dissatisfied, frustrated for his then-five-year-old daughter, Rebecca, in Vancouver. Every day he wrote her, concocting puzzles and stories. In one, a vertically challenged tree is hired when his only friend, a vocally repressed bird, is forced to take flight and migrate north for the winter. *The Silent Tree* and the third, *That Could Not Sing* became a prize-winning book and, adapted by Foon as a play three years ago, it won a 1996 Children's Canadian Children's Play Award. This month, a YPT touring company will take the play to 243 Ontario schools, ending with a two-week Toronto run in March. And the CBC is currently testing it into an animated series. "I thought, 'Finally I've written something that isn't about anything,'" Foon notes. "Then a therapist came up to say, 'Thank you. You've written the best play about separation anxiety.'"

For years, Foon has chafed at the fact that his time has been conscribed by the marginalization of children's theatre. "I've always been dealing with being pigeonholed as a writer for young audiences," Foon says, "and people not taking you seriously." That frustration helped birth *Chinese Sings*, 38, who won his commercial stripes with *River's World* & *Lost Little Coward*. "I'd heard he was frustrated about being offered nothing but comedies," Foon says, "and I knew he would be looking for a way out."

In 1988, Foon himself was looking for an exit, escaping from Green Thumb and writing a play for adults, *Daybreak*, about a man counting to ten with the end of his marriage. Three years after his own divorce, the emotions were still palpably fresh. But even that effort, as one critic observed, was the tale of a man-child reluctant to take responsibility. "This guy is grappling with the issues of growing up," Foon coos. "And in the marriage he's very much been a child." Now the father of a baby girl named Abigail with his partner, playwright-writer Elizabeth Durance, Foon seems reconciled to his gift for reflecting the increasingly complex and perilous universe of the young. For essay watching him during the shooting of *Little Coward*, that gift seemed no mystery. "We'd have Foon sit in a room and produce a scene," Durance says, "because when he came onto the set, he was like a big pop. The enthusiasm was just boundless. But so too is his rage at injustice to small girls—especially the growing number of young people like Dea, the comedian of a society that has abandoned them." □

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Sarandon (left), Penn, murderer and executioner on two sides of the same coin

FILMS

Murderous states

BY BRIAN D. JOHNSON

Hollywood has always loved the death penalty. More often than not, a thriller ends with the bad guy getting it, one way or the other. Killed, then killed again for good measure. Gunned down. Blown up. Drown. Drowned. Dropped off a ledge. Squashed like a bug. Tremained, with revenge pending. And the cold fact of the victim's death seems less important than the spirit of satisfaction that accompanies it.

From the lycanthropic languages of the Old West to the lethal-injection chambers of the Deep South, the right to save vengeance, like the right to hear arias, has come to occupy a cherished place on the dark side of American democracy. And with executions on the rise in the United States—there were 56 last year, up from 31 in 1989—capital punishment is enjoying a renaissance.

This month, two new movies address the issue of violent retribution, but from diametrically opposed viewpoints. In *Rye* for an Eye, a mother who sees her daughter's killer go free on a legal technicality takes the law into her own hands and plots his murder. It is a crude formula thriller, paying lip service to the second dilemma of vigilante violence: not to judge as the mob. *Dead Man Walking*, on the other hand, is a breathtaking tragedy, the gradually moving story of a man on

death row who spends the last week of his life trying to locate his soul with the help of a Roman Catholic nun, Bruce Springsteen, who wrote the title song for the *Dead Man Walking* sound track, offered a dark capsule review when he introduced the film to an audience at Toronto's Massey Hall last week. "There's a picture out right now," he said, "that looks on the issue of capital punishment in a very non-theatrical way."

Precisely. *Dead Man Walking* never grants grace. Weighing the grief of the victim, the anguish of the condemned man, it gives out of its way to be even-handed. But in purely emotional terms, it adds up to what may be the most compelling argument against the death penalty ever submitted to film.

There have been others, of course, from *The Godfather* (1968), a western in which three innocent mothers are hanged, to 2001's *Let Us Have War*. But the true story of a British man who was sent to the gallows for a crime he did not commit. But, almost inversely, notes that take a position against capital punishment involve men wrongly convicted on circumstantial evidence. What makes *Dead Man Walking* so effective is that the case before execution is not ancient, like so many sympathetic. And that allows the casual viewer—of whether the state should be in the business of killing

power to cold blood—to stand on its own.

Writer-director Tim Robbins based his script for *Dead Man Walking* on the 1993 best-seller by Sister Helen Prejean. The book is a riveting chronicle of Prejean's experience serving as a spiritual advisor to two death row inmates in Louisiana's Angola State Prison—first Patrick Sonnier, who was executed in 1987 for the love-lane killing of a teenage nurse, then Robert Lee Willie, executed in 1984 for the murder of an 18-year-old girl. There are striking parallels between the two cases. Both involve accomplices who may have done the actual killing but get away with jail terms. The condemned man in the movie is a fictional creation, a shifless inmate named Matthew, who is brilliantly played by Sean Penn. His crime is patterned after Sonnier's—a brutal and cruel attack on two teenagers in the woods at night.

Susan Sarandon, who brought the book to the attention of Robbins, her lively companion, portrays Prejean. For an actress who has built her career on playing sexy, uninhibited women, she makes a surprisingly credible nun. Drowning her glasses, Sarandon displays the same resilience that made her so effective as the crusading mother in *Lonesome* (1984). But Prejean is a less confident character. She is a kind of middle-aged mad whose faith in the simplicity of virtue is suddenly shaken.

Prejean enters Matthew's cell at the 11th hour with no idea of what she is getting into. To the son of an impoverished share-cropper, he is a selfish, unlikable racist who shows no signs of remorse. Penn plays him with a quiet, level intensity. But there is an eerie calm to his encounters through the prison glass, something that is absent from the book. But with a woman as attractive as Sarandon staring at him, a touch of sexual tension seems only natural. Thankfully, it is not there for there is no romance, and nothing like the gut-cutting sadness of *The Silence of the Lambs*.

Instead, the relationship is spiritual. As Matthew's inmate eventually cracks, he opens up to Prejean, revealing the terrified child within. Moreover, she campaigns to keep the execution, and at the same time, earnestly seeks out the families of the mother victims to offer solace. Dispersing Christian love on both sides of the capital punishment issue, she learns, is not easy. She hurls herself at odds with church leaders and officials, and even community.

The drama has Christian overtones, but they are restrained. Prejean, who does not want a label, is a reformer man With an ex-

otic sound track featuring Johnny Cash, Ray Charles—and more stars than pipe organs, Robbins keeps the mood secular. Just although the crucifixion scene can be seen as Western history's grand instance of capital punishment, Matthew is not killed until a Christ figure.

The dramatic power of *Dead Man Walking* resides in the invariable countdown to Matthew's death. Interweaving the sequence with flashbacks to the crime scene, the filmmakers establish the link between murder and execution as two sides of the same coin. The camera observes the ritual of lethal injection in painstaking detail, tracking the agonizing progress of liquids through tubes, and the heart becomes clear: no killing is more premeditated and cold-blooded than execution. And as the condemned man's soul delivers his last words, Penn's actor



Penn (above), Penn: violent retribution or therapy

source reaches a devastating catharsis. "I just want to say I think killing is wrong, no matter who does it—me, or you, or your government."

Dead Man Walking is now in a series of recent movies that question the virtue of violent retribution. In *Serve*, blind vengeance turns out to be the tragic trap card among the seven deadly sins, the folly that triggers the downfall of the detective played by Brad Pitt. The bloody martyr of *Phil Spector* culminates with the Bible-quoting avenger played by Samuel L. Jackson declaring an amnesty. And *The Gleaners*, which Ben Wyatt and directed, portrays revenge as a perverse form of greed. It stars Jack Nicholson as a father obsessed with murdering the

drunk driver who killed his daughter. The killer, who has served his time, is sensitive, patient and wracked by guilt. Nicholson's character, who has never properly mourned his daughter's death, is possessed with rage. In the end, dressed in tears and embracing over the girl's grave, they find common ground in compassion.

For an eye that takes a similar position in the capital punishment issue, *Execution* is a dramatic failure. *Execution* (Sally Field) is stuck in traffic, taking to her teenage daughter on a cell phone, when the girl is suddenly raped and murdered by a psychotic intruder (Kiefer Sutherland). Although DNA tests prove the killer's identity, prosecution bungles allows him to escape. The case is over, the point, a C of the G. J. and flashes across TV screen early in the story. Karen begins stalking the killer. And, through a support group for victims of violence, she hooks up with some one who offer to arm and train her to kill him.

Field's righteous because expresses moral qualms about her mission. But the film opens the debate only to shut it down with an appalling hypocrisy. The killer is unrepentant and, therefore, expendable. Karen finds a ready way to blow him away that leaves her conscience clear—on a technicality. And she takes action only after he rapes and kills a second woman in a face-melting scene that director John Schlesinger meets with gaudy violence.

If *Rye for an Eye* were just another dumb thriller about death, it would be a bad guy, it might not be as entertaining. But by using the moral issue, it is more like a dumb TV crime movie. It goes to a right-angled, legal brief of violent retribution.

In her book, *Dead Man Walking*, Prejean quotes a Louisiana correctional official who says, "Paul Prejean says, 'People these days want revenge, and that's what vengeance is—no eye for an eye, nor for pain, torture for torture.' " It is a strange form of justice, one that tries to play to an audience of spectators. And, indeed, the system that sends men to die is not so different from the one that tries to keep them entertained. □

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A name change for British Columbia?

BY ALLAN FOTHERINGHAM

There are restless times. Saint Lucia wants to take Quebec into the United Nations, along with Chad and Liechtenstein. Admiral Tides is going to put the torch on the New England flag. And now there is a move to drop the British from British Columbia.

The Left Coast, always the California of Canada, has grown increasingly restive of late. It has provided the largest number of Reform MPs of any province in the House of Commons, those reds and blues with numbers who think they are the real government under Poutine Manning.

There was that rejection of motion from the premier when the happy Indians in the Chieftain office—regarding a constitutional write—tried to toss B.C. into a package called Western Canada. And now there is a movement also—constituent petition, interview the editor—demanding that the archaic "British" be dropped, leaving "Columbia" pristine and asked all by itself.

Well, this is a matter of great import. What would Ottawa think, point out the proponents, if it were called Columbia? Wouldn't it go down too well in Toronto's class restaurants, 90 per cent of which live on pasta.

British Sashdancers? Doesn't that ring true? British Prince Edward Island perhaps, where the pasta has not yet replaced the potato.

British Columbia, of course, is a lot of names for the new name for Vancouver as Hongkonger. At the moment, one-quarter of the world's population is from across the Pacific, with more to follow as the real Brits surrender Hong Kong to China in 2007.

British Columbia, as history books will recall, was a British colony long before it joined Canada. The very nature of the province, the way and the need, as a result of the English Public schools who sailed across Cape Horn and settled there.

Especially, to this day, B.C. has the most violent and aggressive NDP presence—along with the spurious radicals of Saskatchewan—



in the lead. Only in those two provinces is the preexisting NDP, bastard son of the CCF, as potent for power each election.

Only in B.C. as a result, as the same movement all an instant that it is, for example, eliciting by caricature the angry young Glen Clark as the replacement to Neely McKay Harcourt as premier.

British Columbia, of course, recalls with its British heritage, Victoria, the capital, harbours a Queen who didn't have anything missing with doors or parading their boats of horizontal delight with strangers before the television camera.

No one can figure out why Vancouver, named after a British sea captain who discovered the place, is not on Vancouver Island, where Victoria is. Americans will confuse the province with British Gambia, which happens to be somewhat further south.

Victoria itself, so we know, has done the most successful job of making a fortune out of

providing a usually British, Victorian tourists, looking behind the Tweed Curtain, delight in an ornate English, full of tea and crumpets and yet damn, the Empress Hotel lobby looking up at the Queen Mary and the cruise ship just down the hall.

It was the students at Victoria College several years back, who tried to do something about this. Vic College was then just a two-year training school, its graduates having to cross the waters to the University of B.C. in Vancouver to get full degrees.

When the government decided to make it a full four-year university, the students had an idea. Why not, instead of all this British junk, honour the Spanish explorers who probably got there before Clark Vancouver? The solution: Call Victoria's offshore tower by name: some of them—Galiana, Galiana.

The Strait of Juan de Fuca separates Victoria from Washington state. Why not, said the kids, pay respect to the Spaniards by naming the new institution the University of Juan de Fuca?

Splendid idea, said the faculty. An inspired choice, decided the board of governors as it prepared to make the decision. Also, the beautiful kids let slip too early their real rationale: their planned 70 films that would advertise "Juan de Fuca U." Result? It is now the University of Victoria.

It was Bruce Hutchison, who achieved international recognition as a brilliant journalist while refusing all his life to leave his province, who invented the label "Loblandia," derived from the Greek mythology of the lobsters.

The ancient Greeks ate the fruit from the lobster, containing the property of making people forget their country and friends and to remain idle in the kitchen! Doesn't that sound like B.C.? Today? Is the Lobster, a lobster-eater was one of the delicious people who ate lobsters fruit, which induced laziness and forgetfulness of home? B.C. today? Of course.

British Columbia is its own inebriate will because it pulls the province: Master of the Rocky Mountains over its head and has no need to look out, Alberta as its foreign as a New Brunswick.

It produced as its second premier one Amor de Cosmos, who was a California gold miner named William Smith, who once gave a speech in the legislature lasting 17 hours. It produced Wacky Berens as well as Flying Phil Gagliardi and Terry Fox.

It has never produced a native of the province who has been elected prime minister. It has no need to. It is unique. But has it a need to change its name?

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